VETERANS' PROGRAMS ADMINISTERED BY THE DEPARTMENT OF LABOR

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

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VETERANS' PROGRAMS ADMINISTERED BY THE DEPARTMENT OF LABOR

Wednesday, May 13, 1987

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 8:30 a.m., in room 334, Cannon House Office Building, Hon. Wayne Dowdy (chairman of the subcommittee) presiding.

Present: Representatives Dowdy, Evans, Kaptur, Kennedy, Patterson, Jontz, and Smith of New Jersey.

OPENING STATEMENT OF CHAIRMAN DOWDY

Mr. DOWDY. Good morning to all of you, and thank you for being here at this early hour. I apologize for the time change, and I hope that it caused no inconvenience to any of you, but it was necessary to accommodate the schedule of some of our witnesses.

The Subcommittee on Education, Training and Employment is meeting today to review certain employment programs in the Department of Labor and to determine if these programs are serving the needs of veterans as intended by Congress. We are particularly concerned with the provisions of chapter 41 of title 38, U.S. Code, which mandate job counseling, training and placement services for veterans.

It has been several years since this chapter has been thoroughly reviewed with the goal of possible revision or reform. As I am sure all of you are aware, S. 999, a bill which amends chapter 41, is moving through the Senate Veterans' Affairs Committee. I invite you to include remarks regarding this measure in your comments before the subcommittee.

This subcommittee is also very interested in proposals now being considered to devolve or refocus the Employment Service. Because the Employment Service is the delivery system for Department of Labor veterans' employment programs, we want to ensure that the quality of service to veterans is in no way diminished as a result of Employment Service restructuring.

A provision of chapter 41 requires that priority be given to the needs of disabled veterans and veterans of the Vietnam era. This requirement applies to existing programs, the coordination and merger of programs, and implementation of new ones. Any changes made in the current structure of the Employment Service or the

procedures used by the Employment Service must recognize the mandates and requirements of current law.

We have several witnesses testifying on these and related issues, and we have several questions. I request unanimous consent that members of the subcommittee be allowed to submit written questions to witnesses following the hearing, and that these questions and responses be included as part of the hearing record.

After discussions with Mr. Smith and other members of the subcommittee, we will not be holding witnesses to our usual 5-minute limit this morning on their statements. We request that you limit your time as much as possible; however, you may use as much time as you think necessary to address the issue now before the subcommittee.

[The prepared statement of Chairman Dowdy appears at p. 61.]

OPENING STATEMENT OF HON. CHRIS SMITH

I recognize my colleague, Mr. Smith of New Jersey.

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman.

I first want to commend you for calling this hearing on veterans employment and training programs at the Department of Labor.

The oversight of this subcommittee, I believe, has contributed to improvements in the operation of the Veterans' Employment Training Service, and certainly the leadership and commitment of the Assistant Secretary of Labor for Veterans' Employment and Training, Don Shasteen, should be recognized as well.

Much of the testimony today focuses on the future of Department of Labor programs for veterans. I think such a focus is wholly appropriate because, despite the improvements, much remains to be done for veterans training and employment. Today's commitment to veterans must not only be maintained, I believe it must be strengthened.

I look forward to learning more from Mr. Prince of the Department of Labor about the competitive grants program under the Job Training Partnership Act, and the change to be implemented in administration of title IV–C programs.

Also, I look forward to hearing the reaction and comments of the American Legion, AMVETS, the DAV, the VFW, and the VVA regarding these and other matters raised by the testiony today. I look forward to your testimony.

I ask unanimous consent to revise and extend.

[The prepared statement of Congressman Smith appears at p. 67.]

Mr. DOWDY. Thank you very much, Mr. Smith.

Also I request unanimous consent that the hearing record be held open for 2 weeks for any additional material which may be submitted for the record. In that regard, I request that correspondence received by Misss Marcy Kaptur regarding issues being considered today be included in the record, as well as testimony to be submitted by Mr. Thomas Dyson, Executive Director, Mississippi Employment Security Commission.

[The material appears at pp. 74 and p. 69.]

Mr. DOWDY. We welcome our first panel of witnesses. Our first panel includes Mr. Paul S. Egan, deputy director, National Legislative Commission of the American Legion. He is accompanied by

Mr. Dennis K. Rhoades, director, National Economic Commission, the American Legion, and Mr. James G. Bourie, the national service director of AMVETS.

Mr. Rhoades and Mr. Bourie, we welcome you before the subcommittee and ask that you proceed.

STATEMENTS OF JAMES G. BOURIE, NATIONAL SERVICE DIRECTOR, AMVETS; AND DENNIS K. RHOADES, DIRECTOR, NATIONAL ECONOMIC COMMISSION, THE AMERICAN LEGION

STATEMENT OF JAMES G. BOURIE

Mr. BOURIE. Thank you, Mr. Chairman.

AMVETS certainly appreciates the opportunity to be here today and talk a little bit about veterans employment and training matters. We want to certainly compliment this committee and its members for their active concern in the issues. I think they are real issues and they need your attention and they deserve to be aired.

The problem of veterans' unemployment and underemployment is great and it is taking a larger toll than we accounted for, especially for the disabled older veteran and the displaced veteran. Veterans comprise over 35 percent of all dislocated workers, 30 percent of the homeless are veterans, and nearly 20 percent of all disabled veterans are unemployed. We have no idea of the number of veterans who are termed "discouraged workers".

We are also experiencing a serve problem with the older veteran and the long-term, chronic, unemployed veterans. These two groups, in our opinion, comprise the largest group of veterans in need. We believe that Federal programs need to be designed and implemented that would provide outreach, training and placement.

We can trace, without too much difficulty, the lack of real veterans employment and training programs. The current JTPA or title IV–C, the national veterans program receives about $10 million annually, less than one-half of 1 percent of the total funding level, and far less than other national programs. When it comes to veterans employment and training programs, programs to place deserving men and women back into the economic mainstream after years of honorable service, why is there so much trouble, trouble in Congress and in the Department of Labor, recognizing veterans as a deserving group?

With $10 million, little in the way of real employment and training programs, outside of outreach and/or public information, can be accomplished. titles II and II of the act make no special provision for veterans. There is no emphasis from the Department of Labor to encourage veterans to apply. We see this lack of concern with the administration's bill, S. 538, which establishes, in part, a sweeping and comprehensive worker readjustment program. Secretary Brock, when asked if specific veteran language could be added to the bill, answered that such language would, indeed, be added. Subsequently, the bill contains no veterans language at all.

Mr. Chairman, we can also look at the Office of Federal Contract Compliance Program, which has done little to see that section 2012 of title 38 on veterans' affirmative action be advanced.

One veterans employment program which does, indeed, enjoy a high mark is the Veterans' Job Training Program, having been responsible for placing over 50,000 eligible veterans in jobs. AMVETS supports the VJTP and supports its 2-year extension. We also compliment the VA and the Department of Labor in general, and the Department of Veterans Benefits and the VTS specifically, for their activity, cooperation and coordination. AMVETS has hired over eight national service officers under the program and we think it is excellent.

Mr. Chairman, having given our opinion on the JTPA and the Veterans' Job Training Program, we have exhaused, in fact, all reflecton on veterans employment and training program. The word "training" is truly a misnomer as there is, in fact, no veterans training program on the books or in reality. We often delude ourselves into thinking that veterans are offered a full menu of employment or training programs but, in reality, only just a few scraps.

The main thrust of veterans employment initiatives is borne by the DVOPs and the LVERs located at Job Service offices nationwide. But of late, they, too, have come under attack and strained as the Job Service has lost staff and has cut or closed offices. DVOPs are often not allowed to do outreach; both DVOPs and LVERs will often service nonveterans and other problems related to the programs. Regardless of any legislation contemplated that would protect and/or define with absolute clarity the duties of DVOPs and LVERs, nothing short of federalization would allow DVOPs and LVERs to function in an environment described in chapter 41. The real bottom line is that they remain State employees with performance evaluations signed by supervisors who are also State employees.

Further, we think the future of both programs is in jeopardy. No doubt OMB would like to see their elimination. On the matter of devolvement, which has been kicked around for a few years now, secton 2000 and 2002 of title 38 mandate preference service to veterans, and we think devolvement would sound the death knell for such veterans' services. There would be no DVOPs, LVERs, and little use for the VETS at the State or national levels. Federal involvement ensures iniformity, order and continuity, and veterans are best served under that Federal mandate. AMVETS adamantly opposes the devolvement issue.

Mr. Chairman, the Office of Assistant Secretary is as close to the bone as possible in staff to carry out its vital mission. The VETS does, indeed, face more than one major challenge in the future: insufficient budgets, staff shortages, possible loss of regional directors, displaced DVOPs, LVERs, and States which flat out refuse to cooperate.

One exceptional bright spot is the National Veterans Training Institute to train DVOPs, LVERs and others. The NVTI needs to continue as a separate specific line item in the VETS budget. It simply cannot survive and prosper with leftover DVOP and LVER funds.

Mr. Chairman, that concludes my prepared statement. Thank you.

[The prepared statement of James G. Bourie appears at p. 76.]

Mr. DOWDY. Thank you very much.
Mr. Rhoades.

STATEMENT OF DENNIS K. RHOADES

Mr. RHOADES. Thank you, Mr. Chairman.

The American Legion's statement, which we have submitted to the committee in writing, speaks to the general employment and training needs of veterans and makes eight recommendations, which I will discuss in a few minutes. To begin with, however, I would like to address two issues which I believe are important to the deliberations of this subcommittee, and those are S. 999 and the devolution of the Employment Service.

In recent days we have heard considerable consternation expressed over some of the provisions of S. 999 which would require the Department of Labor State Directors for Veterans' Employment and Training, who are Federal employees, to exercise functional supervision over the local veterans employment representatives and Disabled Veterans Outreach Program staff, who are federally-funded State employees. These employees are required, by Federal law, to perform certain very specific duties as currently set out in title 38.

To listen to the critics of these provisions, one would think that functional supervision is a radically new concept. It isn't. In fact, State directors have had functional responsibility for the supervision of veterans services in local Employment Service offices for the past 15 years. This requirement, by the way, was first enacted as a part of Public Law 92-540 in 1972. This is codified in section 2003(c)(1) of title 38. Definitions of functional supervision have been developed by regulation.

Because of frequent abuse of the LVER and DVOP staff, in violation of federally-required job duties, however, S. 999 tries to close the loop. It assigns more careful functional responsibilities to the SDVETs to assure that Federal law is followed with regard to the utilization of these personnel. This does not mean line or direct supervision. There is adequate precedent in the law to demonstrate the difference between line and functional supervision. But allow me to clarify the difference anyway.

Virtually all parties should be aware of what functional supervision involves. It involves monitoring, evaluation, technical assistance and guidance. I am not going to belabor this point because I believe there are more important matters before us today.

Mr. Chairman, our testimony attempts to evaluate the health and viability of the Veterans' Employment and Training system as it exists today. In the testimony we point out that there are, to our mind, three basic components to an employment and training system. Those are placement, basic labor exchange services, a training opportunity system, and supportive services, including counseling. In truth, we can speak confidently of the availability of none of these in terms of veterans. Training is for the moment being satisfied by the Veterans' Job Training Act, and we are pleased, by the way, that this committee supports an extension and are grateful to you for your leadership, Mr. Chairman. But this program is still a temporary program. As Jim Bourie pointed out,

there is no permanent, ongoing veterans training structure at the present time, despite the fact that chapter 41 speaks very clearly to the need for it.

As far as counseling is concerned, I think our testimony indicates that neither the VA nor the Labor Department has anything approximating the resources for counseling required by veterans visiting the Employment Service, let alone those veterans who need assistance under the Veterans' Job Training Act. In the VA, for example, it currently takes 90 days to get an appointment with a counseling psychologist. When budget cuts were made in the Employment Service earlier in this decade, counseling was one of the first services to go. So we have got a problem with counseling.

Now, as far as our placement system is concerned, those labor exchange services have been provided by the Employment Service for 50 years. But we have got a Job Service now which has three problems. One, the administration wants to unravel the Job Service and ship it out to the States; two, it is absurdly underfunded, although its funds are supposed to come from the Federal Unemployment Insurance Trust Fund—I think "trust fund" in this case is a contradiction in terms—and third, it is a system that is frequently hostile or indifferent to Federal law governing services to veterans, partly, I suspect, because of the funding problem that the Job Service has had.

In regard to devolution, Mr. Chairman, as our statement points out, the Department of Labor has done a project called Work Force 2000 and has tried to project what the needs of the work force are going to be at the turn of the century, which is now just 13 years away. I think there is a considerable validity to Work Force 2000. What is strange about it is that devolution doesn't follow at all from Work Force 2000. It's like saying we have to prepare for war, so let's turn over the responsibility for national defense to the National Guard. That doesn't make any sense to us at all.

The Employment Services Act of 1987 and its companion bill, introduced by this administration, would eliminate the public employment service as a discrete system and require Governors to provide public employment services through whatever mechanism they choose. Although the administration has pledged to retain veterans preference under the new law, such preference will be mandated upon a system which no longer exists, or will be so fragmented that it will be virtually unaccountable to the Federal Government. I'm talking, Mr. Chairman, about 600 to 650 different Employment Services operating under that many different political imperatives. Of course, the finer you break that down, the more subject to local political whimsy the Employment Service is going to be.

We applaud your efforts, by the way, to work with your colleagues on the Labor and Human Resources Committee to resist this proposal. We think it is a proposal whose time not only has not come, but we should be looking actually at how healthy the whole Employment Service is and try to fix that system. I think the public hearings that were held in October, about the future of the Employment Service, generally reflected that that's what the general public thinks also—that the system needs to be fine tuned rather than overhauled.

Mr. Chairman, our testimony makes eight different recommendations to this subcommittee about issues that need to be examined in chapter 41, over which this committee has jurisdiction. Let me go over those very briefly.

First, we believe that priority service to veterans needs to be more clearly defined in the statute. It's there, but you have to dig for it. I think there is regulatory language that probably should be adopted into the statute.

Second, we believe the Congress needs to address the employment and training issue for veterans in a more permanent structure.

Third, Congress needs to establish an unequivocal formula to determine the number of local veterans employment representatives. The administration has been playing a funding game with this vital program for the last several years. It is time that a clear baseline be established so that the Employment Service and the veterans staff have a clear idea of where their jobs are going to be next year and the Employment Service is able to do adequate planning to improve its veterans services.

Fourth, we think the subcommittee should take a careful look at the sunset provision in chapter 42 which, as it were, undefines Vietnam veterans, or defines them out of existence as of 1991. This will have significant ramifications in both chapter 41 and 42. For one thing, it will reduce the DVOP program by at least 75 percent.

Fifth, the American Legion believes it is time to call the question on the Labor Department's enforcement of the Federal contractor affirmative action requirements in chapter 42. We have had 12 years of inaction. It is time that we bring an end to it and ship this function over to the Office of Assistant Secretary for Veterans' Employment and Training, where it rightfully belongs.

Sixth, in order to close the statutory loop in the field staff configuration of the Veterans' Employment and Training Service, we believe the regional directors of the agency need to be placed under chapter 41, along with the State and assistant State directors who were placed there in 1972. They are the top field management of the agency and there is something absurd about having top field managers vulnerable to budget whimsy when the people below them are not.

Seventh, we believe that the committee needs to take a realistic look at the availability of employment and counseling for veterans. I am not so sure, Mr. Chairman, that there are any ready answers to this. There are a number of things we could possibly explore, but their budget implications would also have to be explored—contract counseling, for example, or the possibility of taking a cadre of LVERs or DVOPs and training them as certified counselors.

Finally, Mr. Chairman, the American Legion supports, as the other organizations do, the establishment in title 38 of a National Veterans Training Institute. I have seen many veterans employment programs come and go. I think there is little doubt that this is one of the best I have ever seen. Furthermore, in times of high Federal deficits, major new programs are not going to be forthcoming, nor are substantial increases in resources. We think NVTI can help us achieve the best with the resources we have. For that reason, it would be a very cost-effective piece of legislation.

In fact, none of these recommendations that we have made above involves a commitment of large sums of Federal funds. I want to emphasize that.

Mr. Chairman, we appreciate the opportunity to appear before you today and to have the opportunity to discuss these issues at some length.

[The prepared statement of the American Legion appears at p. 84.]

Mr. DOWDY. Thank you very much.

First I would like to address a proposal that functional responsibility for DVOPs and LVERs be assigned to State directors for veterans employment. I would like both of you to comment.

How would you define functional responsibility? Why, in your view, would this provision be necessary? There have been those who say this arrangement is unworkable, so would you comment on that?

Mr. BOURIE. I think the term has been around a while. In fact, if we go back into the regs, there is a definition of functional responsibility. I have a little problem with it because I don't think we need to micromanage anyone through legislation. You have to be very, very careful.

I can understand the end result is that we're trying to protect, so to speak, the LVERs and others to do their job. I am not convinced, while I support the functional responsibility term and what needs to be done, I am not convinced that at this time legislation is absolutely necessarily needed to spell it all out—to say "now you do this, now you do that", so on and so forth. I think that, in some regards, will tie the hands of the VETS in its ability to perform their function. People will say "I don't have to do that because it's not my job description." So they won't do it. So we have to be very, very careful.

But functional responsibility has been around for a long time. I don't know if I could give you a definition right off the top of my head relative to the LVERs. I would definitely have to give that one some thought, bearing in mind that you don't want to micromanage or microlegislate so fine-tunely that nothing will really get done.

Mr. RHOADES. Mr. Chairman, back between 1974 and 1976 I was an assistant State director for veterans employment in the State of California, and part of my job description was to functionally supervise local offices. To my mind, functional responsibility, then and now, means monitoring and evaluation of the local offices, in addition to providing technical assistance and guidance. It does not mean line responsibility or direct supervision.

It is a very easy concept to understand. A lot of bureaucracies have functional supervision. The VA, for example. Mr. Wilson, as a former Chief Benefits Director, knows that the line responsibility for the VA regional offices goes through the area field directors from the CBD. Program offices are there as technical offices to provide functional supervison, but any changes that are made do go through the area field directors and do require their concurrence.

So I don't think this is a particularly esoteric concept, and I am a little puzzled at why this is being raised as an issue, particularly because it has been in the law for 15 years.

Mr. DOWDY. In your comments, Mr. Rhoades, you had some suggestions regarding a formula for determining the budget and staffing levels of LVERs and, in part, as I recall, it included a funding level based, in part at least, on veterans population. It has been pointed out that in some States such as Florida, which has a very large population of retired veterans, a strictly population-based formula would result in a skewed level of LVER funding.

Can you suggest a way to address this situation?

Mr. RHOADES. Yes, Mr. Chairman. The American Legion would not look unfavorably upon a provision in the law which would give the Assistant Secretary the discretion to lower the number of personnel working in a local office in consideration of an area that had a retirement population which was disproportionate to the incidence of retirees among the general population. But I think it is something that has to be done by exception. We still strongly favor a population formula.

One of the problems with a formula based upon workload only is that it does not encourage or promote the essential outreach duties of both the LVERs and the DVOPs, which is part of current law. With a large population and a small veterans workload, you have to reach either one of two conclusions: you have got a lot of retirees, or else people are not coming into the office for service and you need to get out there and bring them in. So to the degree that that could be addressed by exception, where there is demonstrable evidence that a place like Florida, for example—and certain communities in Florida only—that have large retirement populations, we would favor that.

Mr. DOWDY. Mr. Bourie?

Mr. BOURIE. You can end up with a heck of a convoluted formula—retirees, this, that and the other thing, high veteran rates, low unemployment rates. You have to be very careful about that formula in setting something out. While I concur with the basic premise of my colleagues, sitting here thinking about Florida and its high retirement population in veterans, and trying to apply that around the country, you can get really bogged down. You could end up with some real convoluted legislation as to a formula. You have to go one way or the other, I think, with population or intake, the workload. There can't be, in my estimation, any in between. You start working formulas and this, that and the other thing, then you have a mess.

Mr. DOWDY. It has been suggested that regional directors for veterans employment be required by law. Do you think this should be done?

Mr. BOURIE. Absolutely. Absolutely.

Mr. DOWDY. Why?

Mr. BOURIE. Why?

Mr. DOWDY. Yes.

Mr. BOURIE. Again, they are the field managers. These guys, from day to day, don't know whether they have, from budget to budget, a job or not. As soon as the cuts come down, since most of the VETS is protected by law, they go right for the regional directors, the travel budget, all that other miscellaneous stuff—and I had to include regional directors as miscellaneous. They are not.

They serve a vital and important function out there. To remove them, I think you would have management chaos.

Mr. RHOADES. Yes, Mr. Chairman. I agree with Jim, absolutely, on the regional directors. They are very vulnerable.

In the law, State directors, assistant State directors, and their secretaries are protected. This has to do, of course, with continuing efforts by the Labor Department management throughout the years, and the Office of Management and Budget, to try to put the Veterans' Employment and Training Service out of business. Let's be very realistic about this. As a matter of fact, the regional director system has already been affected by budget cuts. There are now currently seven regional directors in a department which has a regional office scheme of ten offices, so already the Veterans' Employment and Training Service has lost three of them owing to budget economies. So we definitely think these positions, as top managers, need to be sheltered by the law, as are their subordinates.

Mr. DOWDY. One other point regarding the administration's proposal to refocus the Employment Service. In your statements you indicated that you apparently have serious concerns regarding this proposal and its impact on veterans.

In the testimony of a witness who will be appearing later, Deputy Assistant Secretary of Labor Roberts Jones, Mr. Jones states that the proposal "will greatly improve service, both for veterans and the general applicant population."

Do you agree or disagree with this statement, and why?

Mr. BOURIE. I think Mr. Jones does not understand the veteran employment and training issues. I don't think he understands the veteran population, the community. I seriously doubt the veracity of that statement. I don't think so and AMVETS does not think so. We are opposed to devolvement.

Mr. DOWDY. What are some of the reasons why you don't think it will work?

Mr. BOURIE. As Mr. Rhoades pointed out, and we concur, you will have 600-plus Job Services out there. You will have some service to veterans and you won't. It will all depend on the whim of the State and the delivery area and the PICs and the rest of it. You will not have uniformity in the delivery of services to the veteran community. You will have the situs shopping. If they don't like it in one area, they'll move to another area and so on.

Right now we have at least a modicum degree of uniformity and continuity in services and in understanding what needs to be done. With 600-plus, you would have total disaster out there, just total, total disaster.

I think, looking down the road, that some States would do away with the veterans program. They would just give up and say they have full employment, or we have such a low veteran population that we don't really need it, that we're going to shift those resources over to nonveteran services. I think, regardless of the catches that will supposedly be imposed through law or regulation, I don't think it will happen. I really, really don't. I think it will be the end. We'll wrap it up and go home.

Mr. RHOADES. Mr. Chairman, I absolutely agree with my colleague. The fact is, as our National Commander observed when he

made his legislative presentation before Congress last year, he didn't join the army of Mississippi. I didn't join the army of California or anybody else the navy of Missouri. The fact is that the whole point of the veterans benefits structure is to provide consistency of service, so that a veteran who went into service from Maine is treated the same way as a veteran that went into service from Nevada. The whole idea of feudalizing the institution, aside from what I think is its intellectual questionability files in the face of the entire philosophy of the veterans benefits and services system, which is to assure consistency. With 600 different Employment Services, you're not going to have it, and there is no way that you can guarantee veterans priority services with that many systems, because you're going to have to fight it out battle by battle, State by State, community by community.

Mr. DOWDY. One final question.

It has been reported that the State of Indiana has already taken some steps to devolve its Employment Service to JTPA. Are you aware of this and, if so, are you aware of any experiences which veterans have experienced under this program?

Mr. BOURIE. I am well aware of it, Mr. Chairman. But no, AMVETS has not experienced any feedback, so to speak, on how well it is progressing. I will defer to Mr. Rhoades for that. I believe he has first-hand knowledge of it.

Mr. RHOADES. Mr. Chairman, I had the opportunity to go to Indiana several months ago. The reason for my trip had to do with the fact that the Indiana State legislature was considering a measure to consolidate JTPA and the Employment Service under a Department of Employment and Training within the State. Hearings were being held in the State Senate concerning this legislation. The Department of Indiana of the American Legion sent a representative to speak to the Senate. He basically said the American Legion is very mistrustful of this proposal. It does not addresst veterans in the slightest. You don't find the word "veteran" or any statutory reference in it. We are going to oppose this proposal until certain demands are met. The proposal makes an attempt to conform with title 38 of Federal law. The State Senate, of course, didn't know that this was coming at them.

But we later had a chance to meet with representatives from the Lieutenant Governor's office, which is spearheading this consolidation, as well as legislative counsel, to talk about the needs of veterans. We did reach some agreements. For example, the LVERs and the DVOP staff would remain State employees; veterans priority service would apply in the offices, and that would apply to ES and would also have to apply to JTPA; the Veterans' Employment and Training Service, the Federal staff of the Department of Labor, would be allowed complete access to each of the offices for the purposes of monitoring veterans services in these offices.

By way of background, I want to explain that in Indiana, what they are attempting to do is place the Employment Service into the Job Training Partnership Act system, rather than JTPA into the Employment Service system. I say this because the proposal would convert most of the State employees working for the Employment Service into county employees. There have been some union problems which they've had, which evidently they have resolved, princi-

pally concerning the merit system, as I understand. But this is an example of how hard fought a battle is going to be.

We fought in Indiana. Frankly, I am horrified at the idea that we're going to have to do this in 51 other States, and I don't think it will be limited to 51 other States. I think, the way the administration has written its proposal, we're talking about having to fight this battle in 600 local communities. That, to me, is just a horrifying prospect and unacceptable.

Mr. DOWDY. Thank you.

I recognize my colleague, Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you.

Mr. Rhoades and Mr. Bourie, I think it's very clear where you stand on that issue. We appreciate that kind of comment. It certainly helps us in our deliberations. And I want to thank you for your testimony. I have looked at it and read it very carefully. It is most helpful.

Mr. Rhoades, one of the several meaningful recommendations you have made to this subcommittee is that you believe and the Legion supports the establishment in title 38 of a National Veterans Training Institute. Can you elaborate on that suggestion and give us some indication as to how much that would cost?

Mr. RHOADES. That question, Mr. Smith, I think should be officially directed to the Labor Department when they come up. But I can give you—I know it is currently costing $2.4 million from recaptured funds from the DVOP and LVER program. You know, I would have no problem if those recaptured funds would remain consistent from year to year.

I think the National Veterans Training Institute is going to enable the Department of Labor and, indeed, the veterans community, to make the best of the resources it has. I think a fully trained staff for $2.4 million is a much better alternative than trying to add $2.4 million worth of staff. I think you get more "bang for the buck".

My hesitation about continuing to take money from the DVOP and LVER program is you don't know how much money you're going to have to recapture each year. Therefore, you can't do the kind of long-range planning you need to do if you're going to make the best use of NVTI as a resource.

Mr. SMITH OF NEW JERSEY. Mr. Bourie or Mr. Rhoades, is there anything you would like to add as to why you feel States would not enforce preferences for veterans under devolution?

Mr. BOURIE. Some years ago I had the experience of sitting between two State administrators, one from a large East Coast State, who would love devolution—he thinks it would be terrific. He would serve his veterans better, so on and so forth. The other administrator from a small rural State was adamantly opposed to it. He said he couldn't serve his veterans the way it should be done. He didn't know if he could stay in business, and we started talking about it. But I think that is some of the conflicts that are coming out of devolution.

Again, I want to tailor my remarks to veterans services. I think, and most of the field staff, the State directors and others, if you polled them confidentially, they would tell you the same thing. It would be an absolute disaster.

There is one experience coming out of Indiana with the State legislature. We would have to fight in every State legislature to get veterans services in the law. We would pack it up and go home.

Mr. SMITH OF NEW JERSEY. Mr. Bourie, on page 2 of your testimony, as well as in your oral remarks, you state that 35 percent of all dislocated workers are veterans, that 30 percent of the homeless are veterans, and nearly 20 percent of all disabled veterans are unemployed. How did you arrive at those figures?

Mr. BOURIE. The homeless—as you know, the VETS is involved in the homeless issue, and through one of their people, Ray Cludiay, there were some figures. HHS did a study. There were some other studies. That was the best estimate, 20 to 30 percent, perhaps even more, of the veterans out there on the homeless issue. Of what era and so forth and so on, I didn't get into.

In the unemployment area—and I'm sure Mr. Drach from the DAV could be a heck of a lot more specific—you do have a real severe problem with those that are disabled being unemployed. In fact, I think that figure is low. BLS came out with a study on dislocated and—In fact, I think all those figures are low. We were involved with the Committee on Disabled Veterans of the President's Commission. We conducted public forums. My field cadre of national service officers—I'm getting input from vet centers. People are coming in because of employment related problems.

It is not all PTSD. Some of these people are flat out without a job.

Mr. SMITH OF NEW JERSEY. I appreciate both of your comments. I had a situation in my own State where the Assistant Director for Veterans' Employment Services, who has been at that job for 9 years, applied at a New England State for the job of director and found, much to his dismay, that there is a residency requirement of 2 years. He was very unhappy, obviously, about the situation.

In your view, do you feel that that residency requirement as found in section 2003, chapter 41, should be repealed, retained or what?

Mr. BOURIE. Modified, with a waiver. If there were a waiver in the discretion of the Assistant Secretary, that he or she can waive that residency requirement, I think that will open it up. Moving into an era where you have younger managers out there, unless you make it attractive for them to move up, they will leave. Then you're going to be left with no blood coming in.

Yes, I think in some regards that residency requirement is a real hinderance. I understand the full history behind that, but nonetheless, I think it's time to take a serious look at it from a long-range point of view and throw in that waiver. That's all you have to do and I think that will make things better.

Mr. RHOADES. Mr. Smith, the American Legion has no current policy resolution about that issue, one way or another. I will just simply tell you in the past there has been considerable resistance by the Legion to any changes in the residency requirement.

Mr. SMITH OF NEW JERSEY. Thank you.

Thank you, Mr. Chairman.

Mr. DOWDY. With the concurrence of my colleagues, Mr. Jontz and Miss Kaptur, and with your concurrence, we have a witness who must be at a Senate markup in about 45 minutes. Would it be

agreeable with both of you to return with the second veterans' panel for any additional questions that Mr. Jontz or Miss Kaptur have of you?

Mr. BOURIE. We would be delighted.

Mr. RHOADES. No problem, Mr. Chairman.

Mr. DOWDY. Thank you very much.

Mr. DOWDY. Our next panel consists of representatives of the U.S. Department of Labor, Mr. Bill Prince, who is Deputy Assistant Secretary for Veterans' Employment and Training, and Mr. Roberts T. Jones, Deputy Assistant Secretary for the Employment and Training Administration. I will ask unanimous consent that we receive the statement of Secretary Jones and also conclude the questioning so that he might make a 10 o'clock markup on the Senate side.

Mr. Jones.

STATEMENTS OF ROBERTS T. JONES, DEPUTY ASSISTANT SECRETARY OF LABOR FOR EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR; AND G. B. "BILL" PRINCE, DEPUTY ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR

STATEMENT OF ROBERTS T. JONES

Mr. ROBERTS T. JONES. Mr. Chairman, I am grateful and I apologize for the time constraints we have this morning. I appreciate the opportunity to testify to you and your colleagues today and to join in the dialogue which is of considerable importance to the veterans of this country.

The particular focus of this committee is on the administration's proposal for the Employment Services Act. That is a part of four pieces of legislation which were introduced in the Trade, Employment and Productivity Act of 1987. The other three pieces relate to administrative refinancing of the Unemployment Insurance system, the proposed worker re-adjustment program, which has been alluded to, and a proposal to serve teenage welfare youth.

Let me state at the outset that the basic principles underlying each of these proposals is to substantially increase services to dislocated workers and other unemployed individuals that Government programs are designed to serve. As these programs succeed, we will substantially increase services to veterans who are in need of assistance. This was, and remains, the goal of the administration.

While I am aware that the veterans' organizations have generally been critical of these proposals, it continues to be our belief that the enactment of these proposals to refocus the Employment Service and to establish a new worker readjustment program will result in a dramatic improvement in programs assisting the eligible population, including veterans.

The Employment Service proposal will strengthen the public employment service, allowing States to make available a broader range of services and to establish a stronger financial base for the system. There is no question that these changes will improve our overall ability to deliver services.

During its 54-year history, the Nation's public labor exchange has helped tens of millions of workers, including millions of veter-

ans, find jobs. It has done an admirable job. But as we near the close of the century, we face dramatic changes in the labor market. The labor force is going to slow dramatically and the composition of the work force will significantly change. The growth in jobs will continue to surpass the growth in the labor force itself, so that by the turn of the century we will have the capacity to employ every American worker who wants or needs work. This means that both the Employment Service and the job training system must begin to vastly increase their services to the applicants who come through these systems. Because of this, we have raised the issue of whether the Employment Service, as it is currently designed, can meet this new demand that the system will place on it.

To answer this question, we announced in the *Federal Register* a series of key questions and held public hearings throughout the country. Based on comments from over 700 respondents, including 70 representing veterans or veterans' organizations, as well as research, studies and data, the Department developed its proposal to refocus the Employment Service.

The amendments we are proposing to the Wagner-Peyser Act will increase the total number of applicants and employers who are served by the system and provide greater flexibility in responding to the rapidly changing needs of the labor market. Because speed and flexibility in adapting to labor market needs will be at a premium, our proposal emphasizes services that will help workers respond quickly, including assessment, vocational counseling, labor market information and testing. The proposal also would allow flexibility in providing a diversity of services. For example, job placement will be particularly needed in some areas and for some populations. Job-seekers who need more assistance in order to be ready can be referred to the Job Training Partnership Act (JTPA), education programs, and other social service agencies.

Our proposal would continue to require that States carry out certain Federal mandates, including providing services to veterans. With respect to the broader services provided by States, States would be given more flexibility in managing the scope and nature of their public labor exchange. States would have, in fact, greater autonomy in determining the level and types of services to be provided.

Our proposal would also increase the involvement of the private sector at the State and local level with respect to the design and delivery of the program. This would be accomplished through changes in responsibilities of the Private Industry Council and State Job Training Coordinating Council. Veterans' representation on the State councils would continue.

We have also proposed certain changes in the financing of the system. Beginning in 1990, the States would collect the employer tax enacted under the State laws. However, employers would continue to be assessed a Federal tax to fund the Federal functions, including veterans, local veterans employment representatives, DVOPs, and everything else. In addition to the employer taxes, States could increase support for public employment services with other resources.

I wish to emphasize that under our proposal States would be required by law to provide public employment services such that

workers and employers throughout the State would have access to such services. Our proposal ties this requirement to the Federal Unemployment Tax Act conformity requirement and thus places responsibility on the States to meet this requirement at the risk of losing the offset tax credit for their employers. Among the services which must be provided are services to veterans under chapter 41 of title 38. In providing these services, the States will have to comply with regulations issued by the Secretary of Labor through the Office of the Assistant Secretary for Veterans' Employment and Training. It should be recognized that this is a stronger Federal control than exists under current law.

In the last program year, there were just under 20 million applicants to the Employment Service. Of those who applied to the Employment Service, about 3 percent received counseling, less than 1 percent were placed in training, and about 17 percent were placed in jobs.

Of the 20 million applicants, about 2.7 million were veterans. About 8 percent of these were counseled, less than 1 percent received training services, and 17.5 percent were placed in jobs. Countless others certainly found jobs on their own.

In view of the potential we have for providing jobs for everyone who wants one, I find these figures totally unacceptable, as I am sure the committee does. The primary reason our proposal should be adopted is that it will greatly improve services, both for veterans and the general applicant population.

I will conclude by mentioning that one of the other proposals in the President's competitive package—the worker readjustment program—will benefit a significant number of veterans.

BLS statistics indicate that about a quarter of the dislocated worker population are veterans. About 20 percent of those served by the JTPA dislocated worker program currently are veterans. We know from past experience with these programs that over half these workers are able to find employment on their own, without Government assistance. One reason for the low percentage of veterans served under JTPA may be due to the fact that some veterans, because of their experience, are able to return to work sooner on their own. Another factor may be the nature of some of the more recent worker dislocations.

The worker readjustment proposal would set up a new program funded at $980 million, that would help 700,000 workers—three times the resources and workers served by the current system. This is virtually the entire population of dislocated workers on an annual basis throughout the country. Thus, for the first time, all dislocated workers, many of whom are veterans, should be able to receive services.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions.

[The prepared statement of Roberts T. Jones appears at p. 89.]

Mr. DOWDY. Thank you, Mr. Jones. We want to conclude the questioning before we proceed with Mr. Prince's statement to accommodate your 10 o'clock meeting on the Senate side.

I want to direct your attention to a hearing held before this subcommittee on July 16, 1986. At that time Mr. Daschle, then chairman of the subcommittee, said:

Mr. Jones, I am told that there will be some dramatic changes to the Employment Service. What can you share with us on that?

Mr. JONES. Mr. Chairman, I don't know that there will be any changes at all. To this date, there are no proposals under formal or informal consideration. Nothing has been suggested. Whenever we get close to even suggesting what the issues and the questions and the concerns might be, they will be taken directly to those organizations——

referring to the veterans' organizations——

and worked out and shared with them all the way through the process.

Mr. DASCHLE. What are the options you are now considering?

Mr. JONES. None.

Then further, set forth in the same record before this subcommittee, is a letter from Mr. Tom Daschle, dated July 17, 1986, from Mr. Daschle, Chairman, Subcommittee on Education, Training and Employment:

Any effort to devolve, defederalize or privatize the Employment Service will have a major impact on veterans and on law contained in title 38. Can we have your assurance that you will be consulting with this committee, concurrent with consultation with the Committee on Education and Labor, prior to, at the time of, and following the recommendation of any such legislation?

The response, dated August 27, 1986, signed by you, ends with this sentence:

You may be assured that we will consult with all appropriate congressional committees should we decide to pursue any legislative changes related to the Employment Service.

Mr. Jones, there have been some pretty sweeping proposals concerning the changes to be made in the Employment Service. I would like you to enlighten me on why, about 9 months ago, you made this statement: "I don't know that there will be any changes at all. To this date, there are no proposals under formal or informal consideration." Also, a further enlightenment of what, if any, steps were taken to involve this subcommittee, with our jurisdiction over veterans' employment questions, in the proposals that were made over this 8- or 9-month period.

Mr. ROBERTS T. JONES. Yes, Mr. Chairman.

The first series of questions deals with the concept of options, designs, proposals, whatever else might have been considered in the early stages of this process. I think the debate that raged at that point, and obviously continues to go on, is based on the fact that we engaged in a series of public hearings across this country, as I indicated in the testimony, and throughout the period of our discussions within the Department. The discussions were conducted on two fronts—first, the public hearings about the Employment Service and what its future ought to be and how it fits into the overall system, and secondly, our continued dialogue with Secretary Brock on this analysis of the work force down the road—during that period of time, throughout that whole discussion, I can continue to sit in front of this committee and say to you that we had not developed or proposed, early on, any specific options or designs or anything else.

The concept of devolution is one that deals with the Unemployment Insurance system that clearly had been underway—in fact, had been proposed in a prior year. The Employment Service and how it should be refocused—if, in fact, it should—was one that was

left open completely until after the public hearings were held and the labor market data was put together, and we then sat down and designed a system that we thought was responsive to those issues.

I would suggest two things, that while there are sweeping changes here, clearly, it is not sweeping changes within the structure of the Employment Service itself. The proposed changes are in terms of how the financing is structured, and it is basically some refocusing of what kinds of services they deliver. There are no changes in their ability to do it or in the list of services that they can deliver or anything else. But that discussion, I can assure this committee, as can anyone else within the departmental structure, did not take place until long after those public hearings were completed in the process.

Mr. DOWDY. The public hearings were conducted by what organization? Were they conducted by a private contractor?

Mr. ROBERTS T. JONES. Well, the Department sponsored them. I guess we had private contractors supporting it. But the Department sponsored them. They were all published in the *Federal Register* and held in four or five cities throughout the country.

Mr. DOWDY. What type of private contract support are you talking about?

Mr. ROBERTS T. JONES. Excuse me, Mr. Chairman. I'm not sure. (Conferring.)

Just logistical, Mr. Chairman.

Mr. DOWDY. When did the public hearings commence?

Mr. ROBERTS T. JONES. (Conferring.) Mostly in October of last fall.

Mr. DOWDY. When were the contracts for the logistic support first advertised?

Mr. ROBERTS T. JONES. (Conferring.) In September, I'm told, Mr. Chairman.

Mr. DOWDY. I am trying to reconcile your statement before the committee last year. So am I to understand that at some time after July 16, 1986, in September, the Department of Labor first decided to conduct these hearings? In your statement last year you said, "To this date, there are no proposals under formal or informal consideration. Nothing has been suggested."

Mr. ROBERTS T. JONES. No, sir, those statements go to the design of the proposals for change. The hearings were held not against any model at all. They were held against a series of publicly-stated questions: should there be a public employment exchange; what kinds of functions should it perform; how should it be structured; how can it meet these labor market needs?

We published a substantial amount of data showing labor force behavior down the road and asked those questions against it, not against any particular design.

Mr. DOWDY. I'm not sure that's responsive to my question. I'm reviewing your testimony of last year and I am struck by the statement "To this date there are no proposals under formal or informal consideration. Nothing has been suggested." And then shortly after that you have already let contracts and you're holding hearings. I am trying to reconcile what you said before the subcommittee last year and what occurred.

Mr. ROBERTS T. JONES. Mr. Chairman, the issue of examining the Employment Service and the fact that there may be proposals was certainly made public long before either the hearing or any other part of it. The debate is on whether or not, in doing that, we had any prior designs of what we thought we wanted to get out of it by way of process, not in terms of the hearing. We had advertised for some time our interest in examining the issue and how effective the Employment Service was and how it could play a role in the years coming up ahead of us. I don't think that's ever been at question or at issue.

The only change that was ever made to that examination was that at one point we decided to do it by a large structure of advisory committees and found that to be very unwieldy, and went to public hearings so that more people could participate. As it turned out, a substantial number, several hundred people, participated in the public hearing process all over the country.

Mr. DOWDY. Referring to your letter of August 27, in the concluding remark, "You may be assured that we will consult with all appropriate congressional committees should we decide to pursue any legislative changes related to the Employment Service", what specific steps have you made to consult with this congressional subcommittee regarding any changes that might affect veterans?

Mr. ROBERTS T. JONES. Mr. Chairman, when we finally designed these proposals, we put them out for everybody to see. We sent them all over the Congress and we had a series of briefings—both the Assistant Secretary and myself, and a series of other people—on all of these proposals throughout the Congress. I cannot articulate specifically which people were involved and which people chose to attend those briefings. I don't know. We can go back and try to check that for you. We were here for a substantial number of hours and a substantial number of meetings to try to go through these processes.

Mr. DOWDY. You have mentioned the meetings around the country to discuss the needs of the Employment Service, Mr. Jones, and you stated that DOL's proposal is based on comments received in these hearings. As I understand it, and as was pointed out by earlier witnesses who have appeared before, the consensus of these public forums was that the current Employment Service needs some improvement but it should not be radically changed, eliminated, or dismantled.

If this is correct, how can you say your proposal is based on the findings of these forums?

Mr. ROBERTS T. JONES. Mr. Chairman, let me take just one moment—and we would be happy to provide you with even more detail in this regard if you wish. The first question in those public hearings was: does the labor market of the future require a continued public labor exchange? Certainly, a very substantial number of people responded that the answer to that was yes, it does.

Our proposal continues that. In fact, it legislates that there shall be a continued public labor exchange in this country to serve those people who don't have access to the labor market any other way.

What services would be most effective in addressing the future labor market? Let me assure you, Mr. Chairman, that the list of comments throughout the country suggested that we needed to in-

crease substantially, as my testimony suggests, intake, assessment and counseling, labor market information, occupational information, and the screening of basic aptitudes and skills. That is exactly what our proposal does. It suggests that we need to put more effort into those kinds of things so that people can move into the labor market faster and we can serve more people.

Which groups in the labor force should receive services, or should the whole work force receive services? The preponderance of comments were that we should continue to stay open to the whole labor force and not segment ourselves to one group or another. Our proposal does precisely that.

What role should be played by the Federal, State and local governments and the private sector? The preponderance of comments were that there should be a continuation of the Federal role, but that there should be an increase of State and local roles. Our proposal does precisely that.

We do not abandon in any respect the Federal role. We continue to have the Federal oversight role over the system. The conformity system that we would put in place, in fact, has a much greater ability to demand response to service levels and to systems across the country than we currently have today. Our ability to set guidelines and goals and objectives continues to be there. At the same time, we centralized responsibility for day-to-day operations at the State level, and we hope to increase private sector involvement since it is, in fact, the private sector that hires people, not the Federal Government.

My point is that the questions that were asked in the public hearings, and the data that has been published as a result of it, fits very closely to the proposal that we made.

Mr. DOWDY. I yield to my colleague from New Jersey, Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman.

Mr. Jones, Mr. Prince, welcome to the committee.

Mr. Jones, on page 7 of your testimony you point out that the administration's worker readjustment proposal, which you say will be funded at $980 million and would help some 700,000 workers, would help a great number of veterans.

Do you have any idea how many veterans are dislocated workers?

Mr. ROBERTS T. JONES. Yes, sir. The Bureau of Labor Statistics suggests that 25 percent of the dislocated worker population in this country, which ranges from a million to a million-and-a-half, depending on how they compute it, are veterans. We would assume, since our system is designed to, in fact, serve all those who don't return to work on their own—and history shows us here that over 50 percent of these people move back into employment on their own. But if, in fact, the full 40–45 percent is in need of services, we provide services to those people. We assume 25 percent or thereabouts are going to be veterans—with only two exceptions. I do believe that the history of our veterans, in most cases, shows that they are probably better prepared in the work force than the average 35-year steel workers and they may, in fact, re-attach better.

We also do find in certain industries—footwear, textiles and some others—as they have gone through dramatic changes, there

may be a very low percentage of veterans in some of those jobs. But I would fully expect to see about 25 percent overall.

Mr. SMITH OF NEW JERSEY. Has there ever been a breakout to see how that matches up with Vietnam, Korean, and World War II veterans?

Mr. ROBERTS T. JONES. I believe the 25 percent is broken out in the Bureau of Labor Statistics figures. I can't recite them for you.

Mr. SMITH OF NEW JERSEY. Perhaps that could be provided for the record.

Mr. ROBERTS T. JONES. We can get those for you, certainly.

[Mr. Roberts T. Jones subsequently provided the following information:]

Veterans in the Dislocated Worker Population

(Based on the BLS Survey of Dislocated Workers for the 5-year Period 1981–1986) [1]

	Number	Percent
Total dislocated worker population	5,130,000	100.0
Veterans	1,266,000	24.7
Vietnam era	(503,000)	(9.8)
Korea	(233,000)	(4.5)
World War II	(245,000)	4.8)
Other service time	(285,000)	(5.6)

[1] Workers with at least 3 years tenure.

Mr. SMITH OF NEW JERSEY. You also point out on page 5 that it is unacceptable to you and, likewise, probably would be and is to the committee, that of the 20 million applicants who applied for the Employment Service, only 3 percent were counseled, 1 percent were placed in training, and about 17 percent were placed in jobs.

Why is that record as bad as it seems?

Mr. ROBERTS T. JONES. There is a variety of reasons. We contend—and I would focus your attention on this point for a moment—that one of the reasons that that's the case is this bifurcated system that we have in place, where there is some Federal control and some State control and not clear responsibility for how that system is to serve the people within a local or a State area. I think that depletes our ability to make the system responsive to the labor market.

Secondly, there can be no doubt that the Federal Government is responsible for some of that. Over the past years the Federal Government, in the sixties and seventies, placed a high focus in the Employment Service on placement activities to the exclusion of other activities. That is a very intensive staff investment. To take one person and find one job and to match the two of them means you don't have a lot of service time to be spent on other people for counseling and testing and labor market information.

The data suggests that in the future more and more people will be dislocated, who have work experience, that need to move back and forth in the labor market, and that we ought to provide more counseling, testing and assessment. They will be able to move back in without as much direct one-on-one. There is no question but that the Federal Government has caused part of that, historically.

I think the question of funding is another one that has been raised, a very difficult one, for the next few years in this Congress. I can't deny the ability to provide the broad range of those services is affected by funding.

The third point I would mention to you, is that it is not our proposal, Mr. Smith, and has not been in any way, to merge this system with the JTPA system. But it is our proposal, as you are seeing some States do now across the country, for Governors to be able to use these services compatibly. The State of Massachusetts is represented here today, one of the leading examples, as is New Jersey and a couple of other States. People in need of employment kinds of services, counseling, testing, education, vocational training, don't care which system they get it from. They need to be able to mix and match. But we are not trying to merge these systems.

Mr. SMITH OF NEW JERSEY. In answering the questions of the chairman and I, could you alleviate the fears you heard expressed by some of the veterans' organizations about devolution, that the potential exists for feudalism, as they put it, competition among the various States, that veterans might be better off in one State and not another. Could you alleviate those fears?

Mr. ROBERTS T. JONES. I would make two points to you, very quickly.

I have great respect for the veterans' organizations and the role that they play. They are very important in this dialogue, to keep pressure on us and the Congress, and make sure our attention is focused on veterans. At the same time, it is absolutely inappropriate to suggest that our proposal is to localize the Employment Service in 600 areas. In no respect would we propose to do such a thing. This is only to ensure that the ownership and management of that system is at the State level and that State legislatures and Governors begin to look at it as a service for the people in that community. I think that that is clear—50 different structures and not 650.

The conformity system that we would put in place, I want to assure this committee and the veterans' organizations, is clearly a much greater tool with which to ensure responsive service levels than we have today. Today we have monitoring, management and oversight. But if we find failure, the only thing one could do under the current system, albeit technically Federal, only technical, the only thing you could do would be to take away the State's entire grant for State employment security services.

Now, that has not been done, and it is not going to be done. That would be damaging 99 percent of the people in the system in order to get at one piece of failure, wherever that happens. Obviously, it is never going to take place.

The conformity requirement, which is currently used in the Unemployment Insurance System, I want to assure you, has a very high usage. Every year we certify to the Treasury if, in fact, that State is in conformity, is managing the system according to title 38, as it would be in this case, or any other regulations that are in place, and if not, the employers in that State are jeopardized and lose their tax credit under that system. That is about 5.4 percent of a 6.2 percent tax that they pay, a credit that they would get. We have invoked that provision almost annually on one State or another who have been out of compliance with the system.

We think that has a much greater ability to ensure continuity and to ensure Federal requirements than what we have in place today.

Mr. SMITH OF NEW JERSEY. I do have one final question, Mr. Jones.

You heard my earlier question to the veterans' organizations regarding the residency requirement of 2 years in the assignment of veterans employment representatives under section 2003 of chapter 41. Do you feel that should be modified, repealed, or retained?

Mr. ROBERTS T. JONES. I'm going to defer to Mr. Prince to deal with that one when his questions come up, Mr. Smith. I'm not an expert in that.

Mr. PRINCE. Mr. Smith, I would be happy to respond now or later, whichever you prefer.

Mr. DOWDY. Why don't we make it later.

Mr. PRINCE. Very good.

Mr. DOWDY. I yield to our colleague, Miss Kaptur.

Miss KAPTUR. Thank you, Mr. Chairman.

I want to welcome both of you gentlemen. I take it we're going to question Mr. Jones and then move on to Mr. Prince.

Mr. DOWDY. That's correct.

Miss KAPTUR. Mr. Jones, I wanted to ask you, the American Legion, in its testimony, stated that veterans serve the Nation while in the military and, as a result, meeting their needs is largely a Federal responsibility. I concur with that assessment.

If the current Employment Service is dismantled and these labor exchange responsibilities are assumed by the States, wouldn't veterans be confronted with dealing with 50 different labor exchange policies and programs at the State level? How could you ensure consistency from State to State so that the quality of services would be the same, and how could you possibly enforce the priority of veterans required by the statute?

Mr. ROBERTS T. JONES. Let me just make two different points here. One is, I couldn't agree more, actually, with Mr. Rhoades, that veterans are a Federal responsibility. This Nation has agreed with that for some time. I don't think that's at issue here. No matter what we do, there will have to be and should be a continued Federal role and partnership with the veterans of this country.

On the other hand, we have to remember something else that hasn't been discussed here this morning. Veterans don't go to work nationally. They go to work in local labor markets. Our ability to be successful in serving those 20 million people who walk through that door happens in the local towns and cities where those businesses are.

Miss KAPTUR. If I may interrupt you right there, one of the issues that was raised this morning had to do with certification of slots for employment. We have so many veterans that aren't able to be placed in programs. It is one of my concerns—I was talking to Chairman Dowdy about this—he said, "Gosh, Marcy, in Mississippi we have lots of slots that are available for people and we really need workers." I said that is the exact reverse of my situation in Ohio. We've got workers but we don't have slots.

If you've got a 50-State system, you say they go to work locally. But what if those jobs aren't there and they do have to move? How

are you going to cope? I'm not sure I completely agree with the statement that they go to work locally. Even your own testimony stated they change jobs five times in a lifetime at a minimum.

Mr. ROBERTS T. JONES. Right, and will be more down the road.

I think there will continue to be a dialogue and there will continue to be a need for the interstate system, both in the unemployment insurance system as well as the Employment Service. We will have to, as part of these Federal requirements, maintain that in the system, or at least ensure our ability to do that.

That's a very tough issue, by the way. People don't want to move. Right now, in every job training program, we have on the books in this country, we provide relocation funds in JTPA, worker adjustment programs. We provide relocation and mobility money if people will participate. It's constantly the lowest used service that we have. Even with the labor unions and everybody else partcipating and agreeing, it is very difficult—and with good reason.

You and I aren't very anxious to get up and jump and move out of town and leave families and community and church quickly, either. But the fact of the matter is that will have to take place.

Mr. Smith is from New Jersey, which right now has probably the lowest unemployment figure in the country, the best labor market in the country, and businesses are moving out for lack of a quality work force. And yet there are unemployed veterans sitting up there not being served.

I think the issue, first, is to increase the services of our programs to make sure that nobody is going wanting in the labor market where there, in fact, is opportunity, and secondly, to provide an interchange.

It is a very difficult problem to put a national interchange in place. We have been experimenting with it, we have been testing it for a number of years, and it's very expensive kind of stuff.

Miss KAPTUR. In that system, how would you ensure some kind of priority for veterans? I just had a letter from one of my local veterans who says that the Employment Service in my particular State—really the whole veterans priority system is useless because he feels over the years other placement priorities, whether its affirmative action, women's hiring and so forth, has really complicated the issue. He questions the value of the veterans priority system.

How would you ensure priority for veterans in your present system?

Mr. ROBERTS T. JONES. Well, that's two different points. The requirements of title 38 will stay in place and be required into this system, exactly as they are today. The State must operate a public employment exchange and will be required to maintain those same requirements, exactly as they are today. There is no change in that whatsoever. The only thing is we have a stronger sanction if they don't do it than we do today. No question about it.

On the other side of that, I have to say that your constituent probably is more correct than he is wrong, in that there are, upon an employer, any number of competing priorities within the system today, in most of our programs, and I'm sure in other programs as well.

Miss KAPTUR. I wanted to ask you, I am so interested in this program—I come from an area that has a lot of job displacement. We have lost 28,000 manufacturing jobs since the late 1970s. We've had a lot of these service jobs come in, but we still have a lot of unemployed and underemployed people.

In looking at the Veterans' Job Training Program—and I will ask Mr. Prince this later—the figures that I have supplied to me show that since this program began we had over half-a-million veterans, 561,000 veterans, who applied for this program. Those certified of that number were 475,000, and actual veterans placements under the program were 53,500. About 11 percent, in other words, of those who originally applied ended up being placed. Of the 11 percent that were placed, 60 percent ended up dropping out of the program in the first year. Those figures are replicated throughout my own State and community.

When we went around and called the State Bureau of Employment Services, we called the local office, we called the VA, we talked to veterans groups and so forth, asking for an opinion as to why this record is the way that it is. I'll be offering an amendment to try to clarify what's really happening out there. I wonder if this is the same experience you have in your other employment and training programs and it's merely symptomatic of a larger problem which you attempt to address in the administration's bill, or whether we have particular problems with the Veterans' Jobs Training Program.

Even though people said we met the mandate of the law in placing 50,000 people, the fact is we have over 500,000 that applied and weren't helped. I am worried about that half-a-million people.

Do you have any insights that you can state for the record that would help me better understand what is going on here and why we aren't serving these veterans better?

Mr. ROBERTS T. JONES. In terms of that particular program, again I will leave it to Mr. Prince. But I will make an observation on perhaps the most controversial—interesting to us, I have to admit—the most controversial part of our proposal. On an operational basis, the State employment security system is a State system and it would continue as a State system, no matter what we do here. But one of our very minor proposals was to ensure that the private industry councils that operate in JTPA, local businessmen and labor union people, have some involvement in what goes on with that local Employment Service, to comment on their plan, do something, because those people go to work in those communities and they ought to be matched up better.

The State employment security system has responded extremely negatively to that proposal, and yet I think it goes to the heart of your point. I believe very strongly that the ability of the State employment security system to respond will change dramatically when you make it a responsive part of the labor market in the State in which it lives and not a separate, semi-Federal, semi-State, bureaucratic system, where they really don't need to respond to either one but simply let the flow of the work force coming through the office, whatever the numbers are, serve what you can, and go home at 5 o'clock.

Until the political, social, and the economic system and the local community and States say your job is to put these people into the available growing job market, and the pressure comes down on that system to do that, I don't think those numbers will go up.

I believe those people are very capable. I believe they have the capacity to do it. I think the one single thing, if I could make any change—I wouldn't even touch the financing and I wouldn't do anything—but if I were to make one change, it would be to clarify the relationship between that bureaucratic system that is supposed to provide a public labor exchange and the labor market in the State they work in so that it fits into the economic development and economic flow and demand that is there.

Massachusetts has gone much further than most States in doing that. Others are slowly moving that way. But that is the change, if there is a dramatic change, Mr. Chairman, that we are making. It is to try to bring it into the system in order that they can provide a better service to this process, and there has to be a refocus of what kinds of services, and I think that has been a Federal issue.

Miss KAPTUR. Thank you.

Mr. DOWDY. Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman.

Basically, my questions follow up on where Miss Kaptur's questions left off. You are obviously aware, I am sure, that veterans represent 14 percent of the work force, and yet 26 percent of the dislocated workers in our country are veterans. It just seems, if we go back to what this whole new federalism is about and switch to the States—I mean, if you could have this notion that somehow, because States have the responsiblity, they would somehow be more efficient bureaucrats than the Federal bureaucrats, I'm not certain I agree with that wholeheartedly. You know, we've got rich States, poor States, bad States, long States—I mean, we've got the whole range.

I appreciate your use of Massachusetts as an example of where this takes place. But I think anybody recognizes that a State with a three or 4 percent unemployment rate is going to be a lot easier to deal with in terms of employing people and running an efficient system than a State that's in the rust belt or having all sorts of major structural and economic problems. So what I'm really driving at here is whether or not you really and truly believe that by having these offices set up at the State level, and having the responsibility set at the State level, whether or not what we're really doing is kind of guising over a notion that what we really are trying to do is shift into the local VA offices some of the responsibility or take that responsibility away, number one, and my second question really, Mr. Jones, has to do with what significant problem would you say will come up, that we can anticipate, that we ought to be working on, to try to minimize if this, in fact, goes through?

Mr. ROBERTS T. JONES. Let me say that I couldn't agree with you more. I don't believe for 1 minute—and I will not testify in front of this committee or any committee—that State bureaucrats are going to be any better than Federal bureaucrats. I couldn't agree more.

That is not the issue. This proposal is not a new federalism design in itself, just to pass it back to the States. It maintains a very tight Federal control in the system.

Secondly, those offices, Mr. Kennedy, are currently State offices; they are currently State employees. The system is currently there. The only difference is that they don't respond directly to most State requirements because they say they're Federal, connected to the Federal system. And vice versa. If we try to sit down and deal with them, they say they're State. We have had that going on now for 20 years. All we're saying is we think that what that does is simply take them out of either system——

Mr. KENNEDY. I'm sorry, if we could just talk back and forth for a second.

What I hear you saying is, because the Federal Government provides certain guidelines, that that enables the State Employment Service to suggest that they're going to hide behind their guidelines, that they're going to play hide the hot dog with the Federal guideines. What I'm wondering is whether or not we would simply be handing over the Federal guidelines, which is what I kind of hear you saying, to the States, and say "Okay, now, impose these"—is that what you're saying?

Mr. ROBERTS T. JONES. No, Mr. Kennedy. We will continue the Federal guidelines ourselves. All we're trying to do is suggest that the day-to-day operation of the system and its management becomes responsive to State ownership. We no longer have ownership——

Mr. KENNEDY. What is it you're stripping yourselves of and giving to the States?

Mr. ROBERTS T. JONES. The only thing in this proposal that causes us to focus on this issue of passback is the financing issue. Today the Federal Government collects the unemployment insurance tax, puts it in the Treasury, turns the money to the State as a functionary. This system says we'll let the State pick up that money and then we will take——

Mr. KENNEDY. Doesn't that take away its stick?

Mr. ROBERTS T. JONES. Follow me, Mr. Kennedy.

Mr. KENNEDY. I'm sorry. Go ahead.

Mr. ROBERTS T. JONES. We will let the State pick up the money and a portion of it must continue to be sent to us for these Federal requirements for veterans and for immigration and for a series of other things that the Employment Service does that are uniquely Federal responsibilities. In doing that, the State could increase, decrease, change their formulas around in the State to determine where they want offices and do those kinds of things.

I would leave the committee this morning with two thoughts. If the financing proposal itself is controversial, which it clearly is to some extent, and people are unsure whether that's the right way to go—we think it has some very positive advantages—but if not, I would still argue, on your second question, that the need to refocus the Employment Service, the need to make it responsive to State and to local labor market demands, is necessary, even if you kept it a semi-Federal system. I would still argue, though, as long as ownership for it is not clear, as long as their constituency is not clear, that's going to be a problem.

Maybe this isn't——

Mr. KENNEDY. But you aren't guaranteeing to all of the veterans' organizations that their rights——

Mr. ROBERTS T. JONES. Yes, absolutely.

Mr. KENNEDY [Continuing]. Are going to be held as they are today by DOL, at the Federal level, and the VA?

Mr. ROBERTS T. JONES. We very purposely sat, with both the Assistant Secretary for Veterans' Affairs and our legal counsel, and worked at great length to ensure that all title 38 requirements that were in place would continue in place, and would be maintained through such a system.

Mr. KENNEDY. So there will be no change at the local VA office in Massachusetts or any place else with regard to how veterans programs are done as a result of this change?

Mr. ROBERTS T. JONES. I don't believe so. I mean, if they're changed, they are only changed in process or location, but not in terms of the ability to serve veterans.

Mr. KENNEDY. After some period of time, if this proposal, in fact, becomes law and if, in fact, that does not occur, would you agree now to change it back to the existing system to make certain that, in fact, these people——

Mr. ROBERTS T. JONES. The first thing we would agree to is to sanction the State in the first year. The requirement we would put in place says that it has to be maintained or the employers in the State are subject to losing their tax credit. But if that didn't work for some reason, hypothetically—I mean, if over some period of time you really felt that there was a substantial change—you would have to change it.

I said, and I will continue to say, it is a correct statement that veterans are a Federal responsibility in terms of ensuring service. The only question we're arguing about is how we do that effectively. We think the proposal can increase the services. But we can't walk away from the fact that it still is a Federal requirement.

Mr. KENNEDY. Thank you very much.

Thank you, Mr. Chairman.

Mr. DOWDY. Mr. Evans.

Mr. EVANS. Thank you, Mr. Chairman.

You know, there is a great deal of suspicion and frustration on the part of this committee, it seems to me, given the fact of the track record here of this administration in terms of veterans employment programs, given the fact that the Bureau of Labor Statistics has a study that indicates that combat veterans from Vietnam are 20 percent more likely to be unemployed than their peers, and that disabled veterans from Vietnam are 80 percent more likely than their era peers to be unemployed, and the fact, to my knowledge, that the administration has never ever proposed in its nearly 8 years here in power any kind of employment program to help Vietnam era veterans, combat veterans, veterans that are disabled, or veterans in general, we're just a little bit suspicious when these changes are being announced.

Additionally, when we hear, as we will hear from the DAV, in what they call the attempts to convince the general public of the administration's intention to seek and consider public input into the future of the Job Service, but that they never really hear, beyond a courtesy note, when these changes are being considered.

Is that true? Was the DAV or other organizations on the advisory committee never really consulted during the planning of this proposal?

Mr. ROBERTS T. JONES. No, Mr. Evans. Let me suggest that in the public hearing process there were some 70 veterans or veterans' organizations who participated and who made comments to the system, and some 54 who were actually on site and provided input to the system. Not only that, we would be happy to provide to you a list of their particular points that they made in relation to the scenario that I went through with the chairman, in terms of the views they had on each of those subjects. We have compiled the data that way and we were very interested in what they had to say about how the system would operate.

I think on the subject matters themselves, they are very much in line with some of the concerns that a lot of people have in the system. I think they are very afraid and suspicious about technically unlinking the system as a Federal employment security system, as if such a thing ever really existed—we don't think it does today; there are about seven Federal staff that are involved in it on a national basis, but no other management in terms of the process—but they're concerned that if they lose the Federal link directly, it will, in fact, result in the kinds of things that Mr. Rhoades explained. I understand the concern.

Mr. EVANS. Has this review committee that was established ever met? Unless I'm reading the wrong thing, Ron Drach testifies that there was a review committee set up about the future of the Job Service. He received a letter to confirm his participation, but then said, "However, nearly a year has gone by and the committee has never met, nor have we offered any recommendations, advisory or otherwise, to the Department of Labor. It would appear, then, that my 'expertise' and time were not needed for what we view to be a very important review of the Job Service."

Are we talking about two different things here?

Mr. ROBERTS T. JONES. Yes, sir. I explained earlier on that we had originally gone about setting up a series of particular review committees with a few representatives from different parts of the system in order to examine these proposals.

We found two things. We found that the interest level was much higher than we could ever accommodate on a small committee, and secondly, that by doing so, we were in noncompliance with the Federal Advisory Committee Act. So we did not use that system. We went to the public forums throughout the country that the chairman and I discussed, where we had publicly-announced meetings all over the country, and in which every one of these organizations participated, including the Disabled American Veterans.

Mr. EVANS. Since 1981 the Employment Service has been reduced from approximately 30,000 staff years to a current level of less than 22,000. According to former Secretary of Labor Ray Marshall, real Federal support for the Employment Service has declined 20.1 percent. Given this enormous reduction, cannot one conclude that any failure on the part of the Employment Service system to provide adequate services can be largely attributed to these budget cuts?

Mr. ROBERTS T. JONES. No. If you would like to, we would be happy to go back and share with you the historical data. But the issues we have raised are still there. They were there then and they're there now.

The other thing is, you have to understand is that we're talking about a different environment here. The Employment Service, back in those years, when they were funded well, was working in a situation where the unemployment rates were higher and the available job ratio was different——

Mr. EVANS. But didn't you say earlier that there was going to be a greater number of displaced veterans coming into our Employment Service system?

Mr. ROBERTS T. JONES. Yes.

Mr. EVANS. How is it possible, then, that with these reduced resources, they are going to be able to deal with that increased problem——

Mr. ROBERTS T. JONES. I think that's exactly the point we're making. I couldn't agree more that the funding issue, as I said earlier, is a problem and will continue to be a problem within the system.

On the other hand, though, one of the questions that Secretary Brock has had us all working on here is how do you do more with the system you've got. The Employment Service, as it is currently structured, is not designed to serve the increased load of dislocations that are going to occur. We think by this proposal and a refocusing of those services, we can serve an awful lot more people who will get back into the labor market, with counseling, testing, some basic training, and not as much one-on-one placement, except in those areas where it is needed.

You can get a tremendous amount of payoff within the system by simply restructuring and refocusing its intent, recognizing what that labor market is going to do down the road. That is not the same in every jurisdiction, but it is a process.

Mr. EVANS. During the hearings before the House Committee on Education and Labor, on February 19, 1987, the Secretary of Labor indicated that the Department of Labor does not list its job openings with the Employment Service. Is that correct?

Mr. ROBERTS T. JONES. I believe that's correct.

Mr. EVANS. It is my understanding that Federal law requires that Federal agencies list job vacancies with the Employment Service. What is your department doing to ensure that the Department of Labor and other agencies are complying with the law, and if we're not getting compliance by the Department of Labor, how would we expect any other Federal agency to work with the Employment Service?

Mr. ROBERTS T. JONES. We will have to get the answer for that. I am not familiar exactly what the reasons or what the technical process is that's involved there.

Mr. EVANS. We would like to know. It is also adding to our frustration and we would like to know about that.

[Mr. Roberts T. Jones subsequently provided the following information:]

As required by the Civil Service Reform Act of 1978 and its implementing regulations (5 CFR 330.102), Federal agencies are required to notify State Job Service of-

fices of vacant positions in the competitive service and the Senior Executive Service which they intend to fill from outside the Federal service, other than through competitive examinations or hiring a person who is already eligible.

Vacancies required to be listed are limited to those to be filled by such actions as direct hire authority, excepted service appointment, or veteran's readjustment appointments. Most vacancies within the Department of Labor do not fall within the listing requirements, since most are filled by promoting current employees. While DOL does not list the majority of its requirement where applicable.

As to what the DOL is doing to ensure compliance with these requirements, DOL issued guidance to the State employment service agencies outlining their role and responsibilities in handling Federal agency vacancies (General Administration Letter No. 14-79, February 8, 1979). Further, every 2 weeks all public employment service offices receive a Senior Executive Job listing (between 30 and 80) on microfiche distributed by the DOL. In addition, the United States Employment Service. State ES offices and the Office of Personnel Management (OPM) cooperatively run special recruitment programs for Federal agencies, such a summer employment and student internships. The Department of Labor has no monitoring responsibility under the Civil Service Reform Act of regulations. OPM is the agency responsible for implementing these requirements.

Mr. EVANS. What can the States do that they aren't already authorized to do? What options are available to you and what options are available to the States? What action by Congress is needed if the present law is functional enough to allow the Job Service to be folded into the JTPA Act, the way it is apparently being done in Indiana, and what is the future of the service to veterans under your plan?

That's a multipart essay question, I realize, but if you can——

Mr. ROBERTS T. JONES. I would take that and say to the committee, it is very important that the dialogue we have raised out of those public hearings, and out taking a look at the labor market down the road, has developed at this moment. But I would like to make very clear that our concern is the issue of how to increase services and how to reach more people and more veterans overall, and if our proposal isn't quite the way to do it, if people want to make suggestions and changes, we're going to continue to be open to that. We are going to keep after this issue over the next few months and into the next year. I don't know that we've hit everything right. People have raised a lot of very important questions. But we want to continue to go after increasing the number of that 20 million people that can be reached and served. I think that's an important issue.

I don't know whether the Indiana model is right, wrong, or indifferent. The Department has not prompted that. In fact, we have been involved in ensuring that if they did it, they did it within the compliance functions, not only their title 38 requirements but several other Federal requirements that would still have to be maintained. That's an experiment that's worth watching, but I don't know that it's an answer, either. Other States are beginning to slowly bring these services together to serve people. We will have to learn from all of that and see what takes place.

I think the one issue we will agree on is that, whatever we do do, we will want to watch the veterans service level and that we should expect it to increase in our mainline systems. JTPA, title II, worker adjustment, whatever those mainline systems are, they should increase the services to veterans that come through that system.

Mr. EVANS. Thank you, Mr. Chairman.

Mr. DOWDY. Mr. Smith has one final question.

Mr. SMITH OF NEW JERSEY. Thank you.

Mr. Jones, under the administration's proposal, is it permissible for States to impose less of an unemployment tax burden on its working citizens, and if it is permissible, certainly that could potentially lead to a lessening of operating funds for the program.

What kind of leverage would the Federal Government retain in trying to get the States to——

Mr. ROBERTS T. JONES. That's a two-part question. Technically, the answer is yes, they can vary the amount. But the Federal amount that would be required is not varied. That still has to be there. That still comes back into the system.

Secondly, the amount would be separated from the services. We will have a standard set of conformity requirements in terms of what a public employment exchange is and what must be maintained, and that's going to be throughout the country. The State is going to have to comply with that set of requirements.

Whether they fund it at a variety of levels is of some interest. We have several States today that are adding State-appropriated money to the Employment Service system to do other kinds of things. Now, whether they will use the employer tax or if they use general revenues or something else, I don't know. The answer is, it could go up and it could go down, but the conformity of the system that the State must have in place to run a public employment exchange still must be there. The Federal requirements as a part of it still must be there. How they choose to do it can vary.

Let me answer the other part of it that my colleagues will bring up: doesn't that mean that they might merge it with other constituent services or other bureaucratic organizations? Could be. Could be. I guess that probably is all right. Congress is today considering major training dollars going into the welfare system, major training dollars going to worker adjustment, major training dollars into the basic entitlement system. I believe that all of us would agree, that the more efficiently those are used, and the less duplication there is, the better off the people being served are going to be.

Mr. SMITH OF NEW JERSEY. Thank you.

Mr. DOWDY. Thank you very much for your testimony this morning.

Mr. ROBERTS T. JONES. Thank you, Mr. Chairman.

Mr. DOWDY. As we have already indicated, our next witness is Mr. Bill Prince, Deputy Assistant Secretary for Veterans' Employment and Training. We thank you, Mr. Secretary, for your willingness to allow Mr. Jones to proceed to completion.

STATEMENT OF G. B. "BILL" PRINCE

Mr. PRINCE. It is my pleasure, Mr. Chairman. I appreciate the opportunity to appear before this committee to talk about the activities and the programs administered by the Veterans' Employment and Training Service.

The committee has received the formal statement. I will not read that formal statement, but I will attempt to highlight some of the programs that we are currently administering and then will be at the committee's pleasure in terms of answering questions.

Let me begin by saying that under the Assistant Secretary for Veterans' Employment and Training we believe we have a very professional, nationwide network of Regional, State, and Assistant State Directors for Veterans' Employment and Training Service and regional agents and area agents for our veterans' re-employment rights programs, all managed by our Regional Directors.

Let me begin with the specific programs by talking just briefly about the VETS staff and their monitoring roles at the local Job Service offices. During fiscal year 1986, the VETS field staff made 1,044 evaluations of large local Job Service offices and 452 evaluations of small offices. In addition to that, 821 management assistance visits were made to Disabled Veterans Outreach Program specialists who are outstationed away from those Job Service offices.

Let me talk briefly about the Job Training Partnership Act and give you some statistics. To promote veterans' participation under JTPA, title IV-C, staff made 714 visits to the grantees. An additional 592 visits were made to the grantees for technical assistance and grant monitoring.

Under our veterans' re-employment rights program, in fiscal year 1986, 1,739 cases were opened by our agents, with only 33 of those cases having to be referred to the Department of Justice for litigation. As a result of those cases we were able to recover, on behalf of the veterans, $600,000 in recovered wages.

Let me talk about the Veterans' Job Training Act, which has been commented on by several members of the committee this morning and by the veterans service organizations.

As you know, this program is not a permanent program and it is scheduled to expire in 1988. Through the program we have placed in excess of 52,000 veterans. Out of this program came the need—and the concerns of this committee have been expressed previously—to develop more case management and counseling services for veterans. The Local Veterans Employment Representatives and the DVOPs took on this responsibility last year, and we found that because of that increased responsibility for those individuals, in terms of the case manager process, we developed the National Veterans Training Institute, currently under contract to the University of Colorado at Denver. We believe that this Institute has been successful in providing consistent training to approximately 1,300 people who will be trained this year to deal with the "whole person concept" of the veteran who walks into the Job Service. We are moving to add a counseling module to the curriculum of this training institute which will better qualify our LVERs and DVOPs to deal with the counseling issue.

For statistical purposes, let me state that in the last program year in the Job Service, as you have been told, 20 million people came through the doors, and approximately 2.7 million of those were veterans. Out of those, 17.5 percent of the applicants and 21.4 percent of the disabled veterans that came through the doors were placed in jobs by the State Employment Service.

Let me also speak about jobs for homeless veterans. Assistant Secretary Shasteen last year commissioned a study to look at the problem of homeless veterans. The Department is sensitive to the unacceptable rate of homeless veterans in the general population and has begun to issue grants to ten major cities as pilots to deal

with the problems of the homeless veteran and specifically with the ultimate objective of returning those homeless veterans to the work force.

Right now, pilot programs for seven of those ten cities are in the final stages and grants have been awarded to those cities. The remaining three, we are expecting to complete by the end of this month, the month of May. So we are dealing with the homeless veterans, we are dealing with the Veterans' Job Training Act, and we are continuing to do what we can with the existing Federal staff and through the National Veterans Training Institute to ensure more comprehensive training for our LVERs and DVOPs in the local Job Service offices out there, to ensure that the opportunities are maximized for the veterans, to have the referral to training or the referral to employment.

With that, Mr. Chairman, I will be pleased to take any questions that the committee might have regarding specifics.

[The prepared statement of Bill Prince appears at p. 96.]

Mr. DOWDY. Thank you very much, Mr. Prince.

Let me start by saying the Denver training institute which you recently initiated seems to be recognized by everyone as an enormous success. You are to be congratulated on the development of this program and we know that every effort will be made to keep it going. In this regard, I have a few questions regarding the funding of the program.

How is the Denver institute currently funded?

Mr. PRINCE. Currently it is funded—and I might correct Mr. Rhoades on his approximate figure of $2.4 million and state for the record that currently it is $2,019,000 for the National Veterans Training Institute. That has come from LVER and DVOP grant moneys that were recovered from States after we were assured that those States had sufficient moneys to operate their existing LVER/DVOP programs.

Mr. DOWDY. Would you elaborate further there? I'm not sure I understand how there can be excess LVER and DVOP funds.

Mr. PRINCE. We monitor the State agencies based on the contract that we have with the State and the number of positions for LVERs and DVOPs that they say they need to do the job. We monitor quarterly for vacancies that have not been filled in those positions in the States, and we recapture those unexpended funds. Basically, that is where most of those monies came from.

Mr. DOWDY. Would it be reasonable to expect that the affected States would take steps to see that there are no funds for you to recapture for your Denver institute over a period of time? If you recaptured for a while, would it not be reasonable to think that the States are going to spend the funds so that there won't be any funds to recapture?

Mr. PRINCE. Under the ideal circumstances, a State would fill its vacancies immediately and have these positions actually functioning. These Disabled Veterans' Outreach Program Specialists, however, are job entry positions. Therefore, in some States there is a constant turnover of these positions and vacancies are an accepted line of business, with our staff constantly attempting to ensure that the vacancies are filled as soon as possible. But the reality is that the vacancies do exist as there is a turnover in the positions.

Mr. DOWDY. In the future, will efforts be made to have the institute appear as a line item rather than the current financing mechanism with the recapture from the various States?

Mr. PRINCE. We do not currently show that as a line item request in the fiscal year 1988 budget. We believe that we can consistently expect to recapture dollars from the States, and, that could be a stable funding level. Many questions still need to be answered. You have only so many positions and so many people to train; therefore, the more you train, will the cost of running the institute come down, and if so, will there be acceptable funding there? So we still have a lot of questions to look at. But right now, there is no specific plan to make that a line item request.

Mr. DOWDY. Given the admitted success of the program in Denver, what objections would you have to making it a line item in the budget?

Mr. PRINCE. I don't know that Assistant Secretary Shasteen has objected and would not object. We believe, however, that the institute can continue to function without a line item request. But, obviously, should such a line item be in there, then, of course, that would ensure the stabilization of the institute.

Mr. DOWDY. How many of the people in the VETS Washington office have gone through training at the Denver institute?

Mr. PRINCE. Mr. Chairman, I would have to check and get back to you with the specifics. I know that Assistant Secretary Shasteen participated in the first pilot, and I participated in the second pilot. But basically, the institute is for non-Federal employees, so I would imagine that that number is minimal.

Mr. DOWDY. On November 20, 1985, the Assistant Secretary of Labor for Veterans' Employment published a memo regarding goals and objectives for the Veterans' Employment and Training Service in support of Secretary Brock's management system. I have several questions.

First, what has been done to achieve these goals, which of these goals have not been fulfilled, and what additional resources do you need to fulfill the goals and objectives.

Mr. PRINCE. We believe we are progressing satisfactorily toward the achievement of these goals. To maximize the training opportunities for veterans was one of those goals, and we have done that through specifically the National Veterans Training Institute, and through dealing with recently-separated individuals who come out of the military, to attempt to move them into the labor force at a more rapid pace.

We have developed a pilot project with the Department of the Army that will begin on June 1 and will be replicated in the coming months to some 40 separation installations in the military. That will enable the separating veteran to move dramatically more quickly into the labor force than what is currently out there. Right now, the Department of Defense pays in excess of $150 million a year in unemployment compensation, for ex-servicemembers and this project is attempting to move those people into the labor force and reduce that payment.

Mr. DOWDY. In your statement you mentioned that during fiscal year 1986 the VETS field staff made 1,044 evaluations of large local Job Service offices and 452 evaluations of small offices. Did you

evaluate the use of the DVOPs and LVERs by local offices during these evaluations?

Mr. PRINCE. Yes, sir. The State Directors and Assistant State Directors, as part of their local office evaluations, are required to look at the effectiveness of the Disabled Veterans Outreach Program and the role of the LVER and providing midlevel supervision to the local Jobs Office staff.

We found that under the current system, if a State is misusing its LVERs and DVOPs, then our State Directors or our Assistant State Directors meet with the appropriate State staff in an effort to resolve it. Otherwise, there is referral to our office and subsequently the Inspector General of the Department of Labor, so that we can recapture those funds if they were misappropriated or misused.

Mr. DOWDY. Have funds ever been withdrawn to encourage compliance with the law? Have you gone as far as you state you could go?

Mr. PRINCE. We are currently looking at several States. The Inspector General's office has told us that they have recently looked at two States and have made recommendations to the Department of Labor that funds should be disallowed for expenditure in those States, and that the money come back to the Federal Government. We are moving administratively to recapture those funds. The Inspector General has told us that, upon completion, they may look at other States in their audits.

Mr. DOWDY. In the statement that you made you also indicated that 714 visits were made to JTPA title IV-C grantees. Did these visits include evaluation of the effectiveness of these title IV-C programs?

Mr. PRINCE. The person visiting the grantee is to look at the actual grant application and what the goals and objectives of the grant application state, and whether or not the grantee has complied with that. We are currently moving to change our process to where we will, beginning with this program year, make those grants available to the States only as opposed to individual entities.

Right now we receive about 200 grant applications per year. In the future, we will be dealing only with 50 grant applications from the States. We are also in the process of an independent look at the effectiveness of our administration of the title IV-C Job Training Partnership Act. So this is one of the recommendations that we believe will improve the effectiveness of those few dollars that we have.

Mr. DOWDY. What kind of evaluation is done at the end of these contracts, under your present scheme, to ensure that the contracted or promised services were delivered?

Mr. PRINCE. We review the financial reports that are required periodically throughout the grant period, particularly the final final report. We rely also on the evaluation by our State Director as to whether or not the history of that grantee has been sufficient to allow them to be considered for subsequent funding should they wish to apply. But we basically go by the final reports that we receive from the grantee.

I might add, Mr. Chairman, that since we took over the title IV-C grant program, and consolidating program years 1984 and 1985,

30,379 veterans have actually been placed through title IV-C of the Job Training Partnership Act.

Mr. DOWDY. Mr. Prince, section 2009(b) of Title 38 requires the Secretary of Labor to submit to this committee, no later than February 1 of each year, a report on the operation of the national programs. The report is to include an evaluation of the effectiveness of such programs during the preceding fiscal year and the efficiency with which services were provided to veterans. Additionally, this provision calls for recommendations for further legislative action relating to veterans employment as the Secretary considers appropriate.

What proposals have been made by the Secretary this year and what in your report justifies these proposals? Additionally, what proposals has the Secretary made since the requirement for this report was established under Public Law 97-306?

Mr. PRINCE. Mr. Chairman, the portion of the report that the Assistant Secretary is required to furnish the Congress is incorporated into an overall Department of Labor report. That report was prepared before Christmas internally and subsequently went to other agencies to be compiled into the overall report. I do not at this time have access to that report and, therefore, I cannot respond directly to what the specific recommendations were.

Mr. DOWDY. Where is the report at the present time?

Mr. PRINCE. I am really not sure, Mr. Chairman.

Mr. DOWDY. I yield to Mr. Smith from New Jersey.

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman.

Mr. Prince, you point out on page 2 that, to promote veteran participation under JTPA, staff made 714 visits to JTPA grantees. During the course of those visits, and during the course of your evaluations, did you do any kind of compilation as to how many veterans sit on private industry councils and what their degree of participation on those councils happens to be?

Mr. PRINCE. We did not specifically look at veteran participation in local PICs, no, sir.

Mr. SMITH OF NEW JERSEY. Is that contemplated?

Mr. PRINCE. It has been discussed with staff, in terms of how we can improve participation in all aspects of the Job Training Partnership Act, not just title IV-C.

Mr. SMITH OF NEW JERSEY. It seems to me that one of the major improvements made when the Job Training Partnership Act was put into effect was that the PICs finally had real authority and real participatory powers that they did not have under CETA and before that legislation became law. I know in my own area of Mercer County in the State of New Jersey, those who participate really feel they are part of the process now and not just an advisory group whose advice is often not listened to. So further participation by veterans certainly would seem most applicable.

Mr. PRINCE. That has been discussed with our staff. We know that in most of the State job training coordinating committees there is a veteran's position at the State level. Our discussion with staff and with veteran constituencies is obviously that the participation at the local PIC level of the veterans community would enhance the overall participation of veterans in the entire act.

Mr. SMITH OF NEW JERSEY. What is your evaluation of the Veterans' Job Training Program and do you feel it ought to be continued?

Mr. PRINCE. We are not recommending an extension of the Veterans' Job Training Act, for a number of reasons. First of all, we believe it has served—and testimony has been presented that over 52,000 veterans have been placed in the program. We believe the current unemployment rate, and with future trends and the ability of our LVERs and DVOPs to better access all existing resources, that the Veterans' Job Training Act would not be necessary. Therefore, we are not requesting its extension.

Mr. SMITH OF NEW JERSEY. Do you privately feel it ought to be continued, personally?

Mr. PRINCE. Mr. Smith, I have never been asked to give a personal opinion. I am here to represent the Department of Labor, so I would prefer not to give my personal opinion.

Mr. SMITH OF NEW JERSEY. What factors do you attribute to the high dropout rate in the Veterans' Job Training Program?

Mr. PRINCE. I have given careful observation of this act and have come up with several different reasons why I am not pleased with the participation and completion rate specifically of the Veterans' Job Training Act. A 40-percent completion rate needs to be looked at, but we also need to remember that 15 percent of the dropouts leave the program to take employment before they complete the program. So, basically, if you take that 15 percent and add it to the 40-percent completion rate, you're up over 50 percent in terms of overall success.

Clearly that is not acceptable. I would like to see 100-percent success. But I believe, based on the fact that the program originally was an emergency program and we had to get it up and running quickly, and in cooperation with another Federal agency—at the time that the program was put in place, there was not sufficient time to adequately put in tracking and reporting requirements because of the fact it was an emergency program. So there are certain inherent weaknesses in the system right now that, had it been a permanent program as opposed to an emergency program, probably would have been addressed.

But we believe we are compensating, as we are doing with the National Veterans Training Institute, with our LVERs and DVOPs getting adequate training in terms of managing those individuals to do a better job of ensuring that we can reduce that dropout rate.

Mr. SMITH OF NEW JERSEY. Who pays for the transportation to Denver for the DVOPs and LVERs?

Mr. PRINCE. That comes from a grant, from the overall grant administered and run by the University of Colorado at Denver.

Mr. SMITH OF NEW JERSEY. What was the number there?

Mr. PRINCE. It's 1,300.

Mr. SMITH OF NEW JERSEY. The grant that they have provided, is that a State grant?

Mr. PRINCE. No, that is included in that $2 million cost at the National Veterans Training Institute.

Mr. SMITH OF NEW JERSEY. Is there a high degree of participation from the East Coast, because it would seem to me the cost of air fare would quickly eat up the $2 million budget.

Mr. PRINCE. I think there is adequate representation from across the country in terms of each of the States being allotted so many slots, including some local office manager participation in that program. But I know early on in the institute we did revisit with the staff the concerns that we had about the travel agency, and there was some changes made that we thought realized some savings. So I believe it's an adequate budget amount right now, or an adequate expenditure.

Mr. SMITH OF NEW JERSEY. Are there many DVOPs and LVERs who are denied the opportunity to go because of insufficient resources? Are they aware of it, to a large degree?

Mr. PRINCE. They are all aware of it. Our philosophy is to train so many this year and then, obviously, to get to those who could not be trained, in subsequent years. Of course, we go to the States and we ask for recommendations for the participants, so those come from the States themselves.

Mr. SMITH OF NEW JERSEY. Is there any thought being given to accessing another university, Rutgers, perhaps, in the State of New Jersey, or some other institution of higher learning, to try to set up regional centers to carry on with this fine concept?

Mr. PRINCE. The positive impact of the institute has caused us to look at several things, including different locations, including the development of a standardized curriculum that could be used without someone going to a particular location—in other words, an "on the shelf" curriculum. So we are looking at a wide range of possibilities on how we can capitalize on the success.

Mr. SMITH OF NEW JERSEY. As a follow up to the chairman's suggestion—or at least I think he was trying to get a response from Mr. Jones or yourself—as far as you know, the administration would not oppose a line item. You say there's sufficient moneys now in the $2 million you have. But since this idea seems to be expanding, the potential, I think, very quickly could exceed that, the potential cost could exceed the $2 million.

What would you say is the top level number that you think would be needed if this would go ahead even more aggressively?

Mr. PRINCE. As I indicated earlier, staff is looking at the future costs of this, and knowing full well that basically its intent is to train approximately 3,000 LVERs and DVOPs nationwide. If we got 1,300 this time and we continue until we get everyone trained, we would think there have been some start-up costs this year that would not re-occur. Therefore, we think the figure would come down. But we are still looking at that and we don't have a real concrete idea of outyear costs.

Mr. SMITH OF NEW JERSEY. How many DVOPs and LVERs are there?

Mr. PRINCE. Currently we have 1,379 LVERs, and then——

Mr. SMITH OF NEW JERSEY. In the country? I don't mean in the program. I mean——

Mr. PRINCE. In the United States we currently fund 1,379 LVERs and 1,894 DVOPs.

Mr. SMITH OF NEW JERSEY. You had that number right off the top of your head.

I have a few more questions, Mr. Chairman.

I wonder if you could tell us, Mr. Prince, how will the major changes you describe on page 2 of your statement in title IV-C programs improve their operation?

Mr. PRINCE. As I indicated, in previous years we received upwards of 200 grant applications. The staff that we have in the national office and the procurement staff at the Department of Labor to process those grants we believe would be better utilized, and the States would be better served, by having only one grant application from each State—basically the Governor or an entity in the Governor's office—to make their grant application, reducing that number down to 52, including the Commonwealth of Puerto Rico and the District of Columbia. We just believe that 52 grants can still adequately serve. And if the Governor, at his/her option, chooses not to apply for this grant, that still will open the door for individual entities to apply for the monies that we currently have available. So it is an attempt really to get the grants approved quicker and have the money out there for the programs to start on a regularly-scheduled basis at the beginning of the grant period.

Mr. SMITH OF NEW JERSEY. You point out a 100-percent match will be required. What is the current match or the current contribution by the recipient?

Mr. PRINCE. We currently require a 100 percent match.

Mr. SMITH OF NEW JERSEY. You heard my questioning earlier to the veterans' organizations regarding the residency requirement. I wonder if you could give us your view on that now.

Mr. PRINCE. As you know, the history of that particular portion of the law was raised by the veterans' organizations. Their concern at that time was the Veterans' Employment and Training Service might fall prey to political influence on the positions and they felt it was best at that time to have individuals reside in that State and be familiar with the leadership of the veterans community in that State in order to be effective.

I believe that the professional level of the existing Veterans' Employment and Training service staff is sufficient, and I am impressed with the caliber of staff that we currently have out there now to where some existing Assistant State Directors have expressed a desire to move elsewhere and have been blocked because of this. To my knowledge, there has been no formal objection to removing this requirement.

Mr. SMITH OF NEW JERSEY. Very good.

Mr. Chairman, in working with you, I would like to look into the possibility of either providing a waiver or perhaps its total removal. I notice the Vietnam Veterans of America, in their testimony today, will call for complete repeal, and Mr. Bourie earlier said that he feels a modification or a waiver would be in order. So I think we should look into that as quickly as possible.

I was touched personally, in terms of a good friend of mine, who did apply for the Director's position in Vermont and was precluded in that opportunity because he did not have a 2-year residency. It was most unfortunate because he's a very capable man.

I have one final question, Mr. Chairman.

Mr. Prince, could you provide us with the statistics on cases under chapter 43 of title 38 regarding re-employment rights of veterans, National Guard and members of the Reserves. How many

were there, how many of these cases were settled, and how many of these cases were litigated? Of course, that probably would be best for the record.

Mr. PRINCE. For the last fiscal year? For fiscal year 1986?

Mr. SMITH OF NEW JERSEY. Yes, for the most recent year. That would be fine.

Mr. PRINCE. Yes, sir.

There are some specific statistics which I testified to earlier in my testimony, on page 2 of the testimony. I believe that clarifies your concern. If you feel that is not sufficient information, we would be happy to give you a further detailed breakdown of those cases.

Mr. SMITH OF NEW JERSEY. I would appreciate it.

Mr. PRINCE. Okay. Very good.

[Retained in committee files.]

Mr. SMITH OF NEW JERSEY. I do have one final request, Mr. Chairman, and that is, Mr. Prince points out on page 4 that there was a VETS study done to assess homelessness among the veteran population. If you could provide that to the committee, if it's not too lengthy, perhaps it could be made a part of the record.

Mr. PRINCE. As you wish.

Mr. DOWDY. Without objection.

[The VETS study appears at p. 145.]

Mr. DOWDY. Miss Kaptur.

Miss KAPTUR. Thank you, Mr. Chairman.

Mr. Prince, I am going to ask you the same question that I asked Mr. Jones when he was up here a little bit earlier, but I thought I would give you some insight into some of the opinions that we received regarding why the placement was not higher, where out of over 560,000 veterans who applied, 11 percent were placed, and of that number, 60 percent dropped out.

There was a Centaur report that was done, as you know, and one of the difficulties in trying to figure out why we had this low number of veterans actually being placed was that they didn't break things down by region, by age group and so forth. That report didn't satisfy me completely, so we began making telephone calls.

The Veterans' Administration's opinion as to why the number was not higher was that the employment bureaus, in their opinion, the Department of Labor and the employment bureaus, weren't putting enough effort into recruiting employers. The local employment bureau's opinion, in my district, was that the skill level of the veterans who were coming in didn't match that required by the job certified under the program. What surprised me when I looked at what kinds of jobs they said the veterans didn't have the skills to fill, some of the jobs that were listed were welders, waiters and waitresses. They weren't truck drivers and they weren't exactly computer operations in the semiconductor industry. So it surprised me.

The Department of Labor thought that the problem was with the VA. It's interesting. The VA blamed DOL and DOL blamed the VA. They thought the Veterans' Administration took too long to certify veterans and, thus, employers had to fill jobs before the veterans were certified.

Then my State Bureau of Employment Services, interestingly, felt that the employers who became certified under the program actually inflated the number of jobs that they had available, so that on their application they might put down five potential positions where in reality only one job opening might be immediately available and the rest were in the indefinite future.

There was also a statement made by one VA officer that since VJTA was originally designed as an emergency program, no system was established to centrally collect data and, thus, there is no way to get a national picture of the program and all of its aspects.

I wanted to ask you, even though we placed over 50,000 veterans nationally—in my district, that worked out over a 3-year period to be 60 jobs. We had several thousand people applying. It is just so small in terms of the need.

Could you enlighten me as to what is wrong here and why 90 percent of the veterans who are seeking work don't find it?

Mr. PRINCE. Well, let me say that in terms of the VA's statement about inadequate reporting requirements and the ability to track the data because it was originally intended to be an emergency program, I would agree with that. I just mentioned that a few minutes ago.

What we have done is attempted to take corrective action through the LVERs and DVOPs and give them the assignment of case manager responsibilities for ensuring that there is some one-on-one effort to ensure that we can deal with the dropout rate and get that individual into the program and make sure they stay in the program. So we think that through the National Veterans Training Institute, which only began in January——

Miss KAPTUR. That would mean that my local employment bureau representative would become a part of this program then, so he would get additional training in how to assist veterans?

Mr. PRINCE. He would become a case manager for that veteran who is attempting to get into the Veterans' Job Training Act and would work to ensure that, with the employer or with the veteran participant, to ensure that once he's in that he doesn't drop out.

Miss KAPTUR. Where would he find the resources to make that happen? By linkages with local JTPA? I guess I don't understand. I mean, he works very hard right now. One of our local problems is we don't have enough employers being certified for the program, enough job slots.

What is he going to do about that? I guess I don't understand what he is going to do that he isn't doing right now.

Mr. PRINCE. I'm not sure that he can do that much more in terms of getting the employer certified, except to maintain that liaison and the dialogue with the Veterans' Administration, to work with the employers that are out there. Further promotion of the Veterans' Job Training Act is going to be necessary, obviously. It's one of those programs that's been on again/off again. About the time you raise the employer interest, the funding has run out or the program has expired and has been extended.

Miss KAPTUR. How many years have we continuously had the program now?

Mr. PRINCE. I believe it was 1984, the fall of 1984.

Miss KAPTUR. The fall of 1984. And we are proposing——

Mr. PRINCE. Yes, we're in the third year.

Miss KAPTUR. And we are proposing to extend it for 2 more years. That's better than most Government programs. I keep hearing about this on again/off again. I don't quite accept other people's interpretations that it is so on again/off again.

Mr. PRINCE. Well, I meant in terms of the actual wording of the legislation, which was originally the Emergency Veterans' Job Training Act. Subsequent legislation actually passed by the Congress dropped the word "emergency" and extend the program through 1988.

Miss KAPTUR. What are the reasons for the 500,000-and-some veterans that came in the door and never got help? What happened to them? Why didn't they get help? Was it because the local veterans job training counselor didn't have enough skills to help them, that he or she was not a case manager?

Mr. PRINCE. I'm not sure that that is the specific answer, but obviously, the fact that we're attempting to provide training to that network of LVERs and DVOPs and the whole person concept, to assure that, whether it be the Veterans' Job Training Act, whether it be the Job Training Partnership Act, title II, title III, title IV-C, that they understand their role in tapping all of those resources for veterans and encouraging veterans to participate and find opportunities for veterans in all of those programs, not just necessarily the Veterans' Job Training Act.

Miss KAPTUR. Would it be your impression that, of the 11 percent of the veterans that were initially placed and then maybe the 5 percent that remained, that what we have really done is we've creamed the veterans population, and perhaps those who truly need skills training and who may not have had relevant job experience, that we are missing some of those that we should have an equal commitment to.

I am very concerned when I look at those numbers. I am wondering who we are serving and who we are not serving. I am very curious who the 500,000-and-some were that walked out the door and didn't get any help. Who are they?

Mr. PRINCE. I don't know that I can identify by category the target, as you suggested in your opening statement there, that the VA cannot identify and we cannot identify the breakdown, whether it be by age or——

Miss KAPTUR. Would it be your sense that a lot of minorities maybe are not being placed?

Mr. PRINCE. I suspect that there are numerous reasons why someone doesn't actually get placed in the program. You alluded to one of them in the fact that the employer may not have the jobs that he first implies is there. There are some disabled veterans who may have financial disincentives who would not want to participate in this program for fear of repercussions of financial disincentives. So there are numerous reasons and I don't know that I have an ironclad answer as to who that 500,000 are and why they didn't get served.

Miss KAPTUR. Mr. Prince, one of the things I am going to propose as we move forward on our legislation is to ask for a report on who those veterans are. I would hope that, once you see the amendment

drafted, the administration might be able to give us some support on that. I would really like to find out who these people are and try to design a program that will meet their needs.

Thank you.

Thank you, Mr. Chairman.

Mr. DOWDY. Thank you very much.

Mr. Prince, we thank you for your testimony this morning.

Mr. PRINCE. Thank you very much.

Mr. DOWDY. Our next and final panel of witnesses will consist of Mr. Ronald W. Drach, who is National Employment Director of the Disabled American Veterans; Mr. Gordon R. Thorson, special assistant, National Legislative Service of the VFW, accompanied by Mr. Robert L. Jones, special assistant for employment, National Veterans Service of the VFW; and finally, Mr. Rick Weidman, director of government relations, Vietnam Veterans of America. We welcome each of you.

We have received your prepared statements and we ask that you summarize them and make whatever comments you would like in the order in which you were introduced.

STATEMENTS OF RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS; GORDON R. THORSON, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES, ACCOMPANIED BY ROBERT L. JONES, SPECIAL ASSISTANT FOR EMPLOYMENT, NATIONAL VETERANS SERVICE, VFW; AND RICHARD F. WEIDMAN, DIRECTOR OF GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA

STATEMENT OF RONALD W. DRACH

Mr. DRACH. Thank you, Mr. Chairman.

First of all, I would like to thank you for holding these hearings and to thank you for the long-standing support and interest that this committee has shown in employment and training programs for our veterans. Without your efforts, these programs would be virtually ineffective. It is through the initiatives of this committee over the last 6 or 7 years that we now enjoy the level of services that are existent today, even though we do have some problems with them. We also appreciate your continuing oversight exercised by this subcommittee to assure that the congressional intent is carried out.

I would like to make two observations. One, I want to thank Mr. Jones from the Department of Labor for helping me rewrite my testimony. I'll get into that in a few minutes. I am also pleased to know that we don't need any programs any more, that veterans' unemployment has decreased.

Well, according to the latest Bureau of Labor Statistics report that just came out yesterday—or at least I just got it yesterday—for Vietnam era veterans, 30 years and over, in April of 1987, there are 11,000 more unemployed than there were in April of 1986, and for those ages 40 to 44, there are 221,000 more unemployed in April of 1987 than there were in April of 1986. So if that is how the problem has abated and that is why we no longer need programs for veterans, we're in a sorry state of affairs.

I want to just talk briefly about S. 999. Pretty much across the board, we support the provisions of S. 999 and we do support the provision that the State and Assistant State Directors have functional supervision over the LVERs and DVOPs. We also support the requirement that LVER positions be established on some sort of a formula basis. We also support the statutory establishment of a uniform performance standard for LVERs and DVOPs, and that the assistant State and State Directors have a role in the performance ratings of LVERs and DVOPs. We believe this is needed in order to more effectively assure that LVERs and DVOPs do their jobs.

I disagree with my colleague, Mr. Bourie, on the micromanagement argument. While I don't necessarily agree with micro-management as a philosophy, I think it is evident, from the history of veterans employment and training programs, that unless we do some legislative oversight that involves some micro-management, we're going to continue to see services dwindle.

I would like to, in part, respond to one of the questions that was asked about why they don't want it. I think it is being raised by those who are opposed to it as an issue because the States don't want Federal intervention. They want to continue going about their business as they have been, without any responsibility or without any accountability. If we do get involved in some of the functional supervision, then we're going to see the abuses being curtailed. The States don't want to see that happen. The States want the ability to use the LVERs and DVOPs as they see fit.

Without question, the National Veterans' Employment and Training Service's institute concept is great. We fully support that. Mr. Shasteen should be commended for setting it up administratively. But we think, in order to provide for the future, it should be put into the statute and it should be, at least in part, geared toward not only the DVOPs and LVERs but, as stated in S. 999, the other individuals that are involved in the provision of employment, job training, placement, or related services. This is to include State and Assistant State Directors for Veterans' Employment and Training. And I would urge Mr. Shasteen to send his national staff to the institute.

I want to talk a little bit about the issue of devolution. As you know, this would convey to the States the authority and responsibility to administer their own public employment service with little Federal intervention or oversight. I can't disagree more with Mr. Jones' observations this morning on how the system will better serve veterans. History has shown that veterans are not served by any employment and training programs unless they are specifically mentioned in the statutes. JTPA has not served veterans, CETA did not serve veterans. As a matter of fact, a veterans program in the late Seventies, the HIRE program, Help through Industry Retraining and Employment, that was specifically a veterans program, disabled veterans received very minimal help through that program. Disadvantaged youth received more jobs under that program than disabled veterans did—and that was supposedly a veterans-only program.

According to the administration's proposal, the Federal and State roles would be carried out by the Secretary of Labor and the

Governors, respectively, through such vehicles as they elect. That raises a whole bunch of "what ifs". What if they elect not to have a system? What if they elect to have a system that you pay as you go? What if they have a system that is centralized in one part of the State? It goes on and on and on. So if they opt not to have a system, which is certainly allowed under their proposal, what good is chapter 41? If you don't have a system to administer the program, what good is the program?

The Wagner-Peyser Act would be amended to replace the specific establishment of an Employment Service with a general policy statement describing the purpose of the act. Now, how do they intend to oversee the administration of programs with a policy statement?

If enacted in its present form—and perhaps this is the most scarey part of it—States would have broad flexibility in making certain decisions, such as whether to charge a fee for a specific service, whether to refer a worker to an agency which may charge a fee, or whether to refer a worker for placement in a specific position. With that kind of latitude, again, I don't see how they can begin to monitor veterans preference or veterans priority of services in that kind of a system.

I would like to clarify one thing that was mentioned. Mr. Evans asked a question regarding a part of my statement that dealt with a committee that I was asked to serve on. The purpose of that committee was to review the Employment Service and the future of the Employment Service. I did receive a letter from the Department of Labor officially appointing me to that committee. I have never received any subsequent communication in writing. The only other communication I received from those people was a verbal phone call saying that the first meeting last summer was postponed. That's almost a year ago that the meeting was postponed. Mr. Jones reported, you know, that the committee wasn't good enough, that they had to go out with the field hearings. Well, if that were the case, I wish they would notify us in writing that the committee has been abolished and the reasons for it.

As I indicated in my statement, other than the notice in the *Federal Register* of the field hearings, the Disabled American Veterans was not asked for any specific input into the system, in spite of the request that we serve on this advisory committee—which, by the way, we felt pretty good about. We thought the committee would be pretty effective and have a voice in national policy. It just didn't happen.

The whole issue of devolution raises some questions along with the issue of functional responsibility. Perhaps the bottom line should be to federalize the LVERs and the DVOPs and to transfer them to the VA. Then we wouldn't have to worry about the Department of Labor's lack of concern or their disinterest in helping veterans.

On the issue of dislocated workers, as has already been stated, about 26 percent of dislocated workers are veterans. On the other hand, only about 14 percent of the civilian labor force are veterans. So veterans are displaced in almost twice the proportion that they are in the civilian labor force. We believe that unless legislation specifically targets and mandates veterans services in any pro-

gram, they are not going to be served. Again, I refer back to CETA and to JTPA. If it's not there, they are just not going to be served; and if they are served, it's going to be by accident and not by design.

We expressed our concern to the Secretary of Labor in February about this issue and urged him to incorporate specific language into any administration proposal. The response from the Secretary was "There are no specific target groups identified in the worker readjustment assistance program part of the legislation other than displaced workers. I believe that veterans must be served and will be served through this program." Again, history has shown that, unless veterans are specifically identified as a targeted group, they will not be served.

The Secretary told us, at a meeting of his committee, which was set up by statute back in 1980, that he didn't see any real problem with including veterans in specific legislation. In response to further questioning about the creation of veteran-specific programs, the Secretary responded, "I don't have any problem with language about veterans in there. But if it's 26 percent of the constituency, and that's what we calculate, at least then I have no problem saying so." Now we are told by other Department of Labor officials that that statement is subject to interpretation.

In 1982, under the leadership of this subcommittee, legislation was ultimately enacted that, among other things, required that Federal contractors submit to the Department of Labor an annual report of their affirmative action obligations under chapter 42 of title 38. In October of 1982 Congress passed that bill. In March of 1987, the Department of Labor issued final regulations advising contractors that they have to file a report, almost 5 years to implement congressional intent. I think that tells us a lot about the Department of Labor's intentions in the future and what they've done in the past to serve veterans.

That concludes my statement, Mr. Chairman. I would be happy to respond to any questions.

[The prepared statement of Ronald W. Drach appears at p. 102.]

Mr. DOWDY. Thank you, Mr. Drach.

Next in the order of introduction is Mr. Thorson.

STATMENT OF GORDON R. THORSON

Mr. THORSON. Mr. Chairman and members of the subcommittee, I will be very brief. The Veterans of Foreign Wars supports veterans employment and training programs and legislation meant to improve these programs.

Mr. Chairman, the JTPA program is not currently meeting the needs of this Nation's veterans. The leadership of our organization has made numerous attempts to persuade the Department of Labor to become more responsive to the needs of veterans. The Secretary of Labor's response would place veteran responsibility with the individual States. Our response to this apparent indifference can be best summed up by quoting our VFW Commander in Chief, Norman G. Staab, when he answered the Secretary of Labor by stating, "I am most concerned that you have turned a cold shoulder to our Nation's veterans, and that your staff is operating

behind a facade of cooperation while, in effect, ignoring our country's veterans."

To summarize our written testimony, we call for veterans language to be included in the Job Training Partnership Act. We offer suggestions for improving the one employment and training program that is successfully helping veterans, the Veterans' Job Training Act. Devolution will only serve to further deteriorate services available to veterans. We maintain that a Federal-State partnership is the best arrangement for administering a national employment Job Service system.

With me today is our VFW expert on veterans employment and training programs, Mr. Robert L. Jones. Mr. Jones has a brief statement and we will be available for questions about the VFW position.

Thank you.

[The prepared statement of Gordon R. Thorson appears at p. 111.]

STATEMENT OF ROBERT L. JONES

Mr. ROBERT L. JONES. Thank you, Gordon.

Mr. Chairman, I sincerely appreciate Gordon correcting the record there. I am known as the "other" Bob Jones.

As has been pointed out, the Veterans of Foreign Wars has repeatedly made recommendations to enhance existing programs to the Department of Labor and we have offered our services to participate on various committees and task forces to help develop their programs, their policies, goals, objectives, and legislative proposals. Our written testimony contains a few quotes in response to our recommendations that we received back from the Department of Labor.

I would like to point out, like Mr. Drach, Rick Weidman from the VVA and I were elected by our peers, at the request of the Assistant Secretary for Veterans' Employment and Training, to work closely with the Employment and Training Administration, Department of Labor, on some policies and programs. Unfortunately, I was never called as to what role I was to play, and that has been almost 1½ years ago.

My first involvement with the administration's proposals concerning administrative reform—I believe that's the new buzz word—of the Employment Service came at 2 p.m. on February 19, 1987. This was simultaneously with the introduction of that legislation to the Congress of the United States.

We recognize that we're in a period of an austere budget and that maximum benefit has got to be obtained from each and every resource. This brings us to the Job Training Partnership Act, a program which is funded in excess of $3 billion annually. It is underspending its obligated funds. However, each year we find that the veterans employment and training prorgram flounder for a want of adequate funding.

I believe that the intent of chapter 41 of title 38 is to maximize the effectiveness through efficient use of available funds. Therefore, I would like to suggest that we don't need to carry over JTPA funds within the Department of Labor each year, but some of those

unspent funds could be better utilized by targeting them to the Office of the Assistant Secretary for Veterans' Employment and Training and his programs, such as the grossly underfunded title IV-C program, which is the only JTPA program that is specifically earmarked for veterans, the Veterans' Job Training Partnership Act, and we might also take a look at giving some of that money to providing some automation for the United States Employment Service. All of these areas have been lacking for moneys and other resources for an extended period of time.

The programs are only as effective as the staff who has the responsibility for their implementation. I agree with my colleagues, that the establishment of the National Veterans Training Institute is a very positive step forward in ensuring that we have a professional field staff who has a clear understanding of their duties and responsibilities.

The LVERs and DVOPs have the desire, they now have the training. But again, I am concerned that they don't have the resources and clear direction. I am concerned that the State Directors for Veterans' Employment and Training and these LVERs and DVOPs are receiving increasingly heavy administrative loads, reporting requirements, travel commitments, case manager commitments, outreach commitments, but they're not being provided the resources to adequately accomplish the task at hand.

I recently received a call from one State Director who said he was receiving $2,000 in annual travel funds. Now, with that amount of money, he is supposed to accomplish all of the tasks that are outlined and mandated in title 38.

I think any discussion of programs for the veterans community must first include a request of the National Commission on Employment Policy, a commission which does not have a veterans advocate on it, to conduct a longitudinal study of Vietnam veterans to determine specifically how they have fared since their departure from Vietnam and where should we be providing our resources and directing our attention. I think such longitudinal study will give us that direction.

I believe that the Bureau of Labor Statistics must render an annual report on the employment status of combat theater disabled, minority and Vietnam veterans. That will tell us how effective the existing programs are.

The Job Service is an important ingredient in the provision of employment services to veterans, and veterans are very important to the Job Service. As we have testified in the past, this marriage, like any administrative entity, must periodically be fine-tuned. I believe that without the Federal role States will not maintain veterans priority of services, and this is evidenced by increasing efforts being exerted by some States to eliminate State and municipal veterans preference laws and the lack of veterans participation on the State Job Training Coordinating Councils. As of the first of the year, I was informed that only nine States presently have a veterans advocate participating on that State Job Training Coordinating Council. This is a decrease from the previous year of 17 States.

An ISESA study says that the Employment Service is working very closely with the JTPA entities to ensure provision of services

and training and placement and that it is succeeding very well in at least 45 States. We have heard about the importance of the Private Industry Councils. There is no requirement for a veterans advocate on there. That is the key. The State or the service delivery areas, the administrative entity that directs their activities, and the planning that comes out of that State Job Training Coordinating Council.

The Employment and Training Administration has heard in the past that the Federal role in the Employment Service should continue. It is published in a report that they put together concerning their public hearings. This report also says that the provision of priority of services to veterans should also be continued. I believe this will only be done if the Federal Government ensures uniformity.

We have heard about the Federal responsibility for veterans. It continues. Most folks know that I come from a small town in the State of Indiana, western Indiana. I am going to point out one thing. I have had first-hand experience with the Employment Service in Indiana under the old system. It was severely lacking then. It took the direct involvement of a major veterans' organization to resolve the deficiencies of that particular office at that particular time. I would now like to say that, without the direct involvement of veterans' organizations in the State of Indiana, we would not have veterans priority of services in Indiana at the present. I am saying we must be actively involved and we must maintain the Federal role. We cannot afford to be going to 51 different States to ensure that we continue veterans preference.

Thank you.

Miss KAPTUR [Presiding]. Thank you, Mr. Jones. We are happy to have you before the committee.

Maybe we could now finish up with Mr. Weidman.

STATEMENT OF RICHARD F. WEIDMAN

Mr. WEIDMAN. Thank you, Madam Chair. I will try and be uncharacteristically brief.

I also want to join my colleagues in thanking this committee and Chairman Dowdy, Mr. Smith and you, Miss Kaptur, for your tenacity, in the State of Ohio, in the Toledo area, on behalf of jobs. It is something for which the Vietnam Veterans of America is deeply grateful to you, including sparking job fairs and other activities outside of monitoring what the Federal services are in that area. I want to thank you for that tenacity.

A number of things came up this morning that we would like to comment on, all of which revolve around the basic purpose of what we're all discussing with the Veterans' Employment and Training Service, which is the way in which the system is set up. The ground troops who will win the battle, win the day, if you will, are the DVOPs and LVERs. We all tend to concentrate, if you will, on the headquarters and headquarters company structure, which is the Veterans' Employment and Training Service, which are those that are employed by the Federal Government. We tend to forget, when you go out and talk to DVOPs and LVERs over the years, as all of us have, you continually hear the gripes. And they are not

just gripes. They are legitimate complaints, that the troops are cold and hungry and in the rain, and trying to do the job without the adequate support that they need.

Basically, all of the suggestions we have made in our statement, and those that our colleagues from the other veterans service organizations have made, for changes in chapter 41 involve changing that situation. The "cold", if you will, is the ignorance of not knowing what your job is. Many of those DVOPs and LVERs going to Denver had never seen a copy of title 38 before. They had never seen chapter 41, 42 and 43. So, of course, it was difficult for them to do their job. They didn't even know what the definition of the job was, much less how to translate it.

The "hunger", if you will, is for the capacity to be able to go out and do their job that is laid down in a number of specifics which I will go over right now. Number one, we are strongly in favor of putting the LVERs on a formula similar to that of the DVOPs in defining what that position is. Secondly, when we get to the issue of functional control, it has been mentioned here earlier today that you have quite a slip between that Federal structure and the DVOPs and LVERs who are the ground troops, if you will, who work for the State. We are constantly hearing that DVOPs and LVERs, particularly in the last 6 years, with the tremendous slashes in the funding that is going to the Employment Services across the country, are increasingly being diverted to serving non-veterans.

We understand the position that the office manager is in because they have a great crush of people coming through the door demanding services and you take any available body in order to meet that crush, which includes DVOPs and LVERs. But then you don't have time to service the veterans whom that individual is there to serve in the first place.

We hear this over and over and over again, in literally all sections of the country. The only way to begin to try and cut down on this kind of abuse is to have functional control of the State Director for Veterans' Employment and Training over the DVOPs and LVERs.

I think Ron Drach from the DAV this morning hit it right on the head, that the basic dilemma that you're functioned with, if you are going to have accountability in this system, is either to put in funtional control of the State Director over the activity of the DVOPs and LVERs, or, if the Congress is going to be honest, move to federalize the system. Make the DVOPs and LVERs a Federal system, because the problem all along has been that when the Assistant Secretary for Veterans' Employment and Training says something out to the States, many times nothing happens. And even beyond that, when it goes down through the structure, nothing happens in the local office in Toledo, despite what orders come out of Columbus.

The third major area that has been a major weakness in our view in chapter 41 has to do with section 2009, part (a)(5). That has to do with the fact that the training, if you will, in the Veterans' Employment and Training Service has been really a misnomer. It has been an anomoly. There hasn't been any training because none of the training programs either funded by or administered by the

Department of Labor, or under the control of the Veterans' Employment and Training Service, no where is there any design in there to force them to ensure that the special needs of veterans are addressed.

What we would suggest in section 2009, chapter 41, part (a)(5), is a section 5 to be added: "5. Ensure that the special needs of combat theatre and disabled veterans are fully addressed by all training programs administered by or funded by the U.S. Department of Labor, and that elements and standards be promulgated for all such programs to ensure and monitor compliance with this provision."

To touch briefly on a number of our other recommendations, the National Veterans Training Institute we believe needs to be locked down in statute. Otherwise it will be another will-o'-the-wisp that goes away. Very few people today remember the Targeted Technical Assistance Program, which actually was a pretty good program, back in 1979 and 1980, or the White House Veterans Federal Coordinating Committee. Neither one was locked down in statutes and both went up like a puff of smoke. We would like to see the National Veterans Training Institute go on.

On the training, incidentally, Mr. Prince said that he did not believe that it needed to be a line item because they would be able to train everybody within the next 2 years—frankly, they have given everybody basic training. There is need for going beyond, much beyond, the 1 week of training that they're receiving now. In putting together training packages, that can then be done, for instance, within the State of Ohio or within the State of New Jersey, utilizing other State universities. In addition to that, we are asking more and more out of DVOPs and LVERs. They're hungry. They have the capacity. We just have to provide them with the opportunity to learn the skills that they need in order to do their job better. So we think it is extremely important that it become a permanent line item.

In terms of coordination with the VA, some of that has been mentioned here this morning. It has taken 4 years to coordinate with the VA in regard to the Veterans' Job Training Act. Basically, the "working agreement" between the VA and DOL does not work. We have suggested that this be looked at, and a report issued back to the Congress by the Secretary of Labor and the Veterans' Administrator each and every year to the Committee on Veterans' Affairs, specifically to this subcommittee, as to how it worked in the previous year. Otherwise, it is going to end up like it's been in the past, which is an agreement that is signed, put on the shelf, and nobody looks at for 2½ years until there is some major flap like there was over the veterans job training program in January.

We also would recommend putting the RDVETS, the regional directors, into statute, an annual study for the disabled and Vietnam theater veterans who bear the brunt of the unemployment problems, which incidentally we believe at VVA are directly connected into readjustment problems and inextricably entwined. We would point out that among almost 50 percent of the clients in vet centers, the number one presented problem is lack of work.

To touch briefly on "devolvement", if one can touch briefly on it, there were a number of statements this morning, both in the writ-

ten testimony of the Administration as well as in the oral testimony of Mr. Jones. VVA's initial reaction to the administration's proposal is to dismiss it out of hand, which perhaps may not be the best way to go about it, because we believe it is damaging to everybody that the Employment Service is supposed to serve, and basically an abrogation of the Federal responsibility to folks who are unemployed across the country.

The point has already been made here this morning, though, specifically in regard to veterans, that unless veterans are specifically "written in" at the Federal level, we will be specifically "read out" at the State and local level. The State of New Jersey, nor the city of Toledo, nor the State of Mississippi, sent anybody to Vietnam, and rightfully so. It is a Federal responsibility. If it is not done through the Veterans' Employment and Training Service, it won't be done.

With all the assurances of "oh, yes, yes, yes", we put in light of other assurances that we have been given by Mr. Jones and others over the years. The basic problem we have is that it is moving the wrong way to meet the needs of vets. The need is to have greater Federal control and greater authority so we can have accountability at the Federal level for what actually happens at the local level.

There was one thing in the written statement that I just could not let pass, Mr. Chairman, and that is on the top of page 6 of Mr. Roberts T. Jones' statement. "In view of the potential we have for providing jobs for everyone who wants one, I find these figures—" he was referring to the fact that on the previous page only 17 percent of the people get placed who come to the Employment Service "—I find these figures totally unacceptable, as I am sure you do. The primary reason our proposal should be adopted is that it will greatly improve service, both for veterans and the general applicant population."

One of the figures he was talking about was that only about 8 percent of veterans were counseled and only 3 percent of the general populace that came to the ES were counseled.

Mr. Chairman, I have got to say that that reminds me of the old definition of "hutzpah", which is an individual who has killed his parents and throws himself on the mercy of the court because he's an orphan. It is this Administration who has made the tremendous slashes, so that many States have eliminated the employment counselors they have altogether. It is this Administration that has made the significant cuts in LVERs that have been imposed on the Veterans' Employment and Training Service in particular.

It is not Mr. Don Shasteen, the Assistant Secretary of Labor, and Mr. Prince. We know they fought a good battle inside the agency. But they are part of a structure that includes this Office of Management and Budget, and Mr. Jones and others, who frankly give us all the lip service in the world, and then do us in. We just frankly think it is such an ill-considered thing for veterans that, when the VETS. is finally moving towards greater accountability, of greater authority for the Assistant Secretary's office, would set us right back to where we were 5 years ago, where there was virtually no accountability in the system.

I'll stop there. Thank you very much, Mr. Chairman.

[The prepared statement of Richard F. Weidman appears at p. 122.]

Mr. DOWDY [Presiding]. I thank all of you for your testimony.

Briefly, I assume that from the statements we have received from each of you, that each of you feels that the National Veterans Training Institute should be mandated in statute; is that not in agreement by all?

[Witnesses nod affirmatively.]

I have also concluded that there is little, if anything, that can be said positively in support of the recommendation to refocus the Employment Service. I have noted that none of you have made any statements in that regard.

Some of you have indicated support for a statutory requirement of regional directors of Employment Services. Why do you feel this additional layer of bureaucracy is necessary in a service that is comparatively small?

Mr. ROBERT L. JONES. Mr. Chairman, from the VFW perspective, I look at the regional directors as a key ingredient in the administration and management of the field agencies. As I testified, we have heard about the lack of resources that are out there, the limited resources, and providing them direction. This is the gentleman who has to make those key decisions at the local level. He has to keep a very close watch upon the labor force, has to watch the economic situation in a specific region. He has to allocate not only his personnel but his dollars. He is the guy who is the key ingredient in that early intervention in the unemployment cycle. Again, as was testified to earlier, he is the only one in this whole structure that is not mandated by law.

Mr. DRACH. Mr. Chairman, I would like to just add a couple of things to that.

Mr. Shasteen has approximately 220 field people out there. I think you would agree it's virtually impossible for him to supervise those 220 people. In one respect, those regional directors help to supervise the respective States in their area.

The other thing is, if the Department of Labor or the Federal Government in toto were to say we're going to abolish the concept of ten regional offices, we're no longer going to have them, I could live with that; I would have no problem with that. I think we could live with that without too much trouble. But several years ago, when they first talked about consolidating some of their regions, DAV wrote to Mr. Shasteen and said we would have no objection to that, assuming that all of the other Department of Labor regions were also going to be consolidated, and we were pretty much assured that that would happen.

I think it was in 1985 when Secretary of Labor Brock said no, we're not going to consolidate the other components of the Department of Labor region; we're going to continue to have ten regions for ETA; we're going to have ten regions for OSAM, et cetera, et cetera. So these people, especially in ETA, they're at the regional office level and they're talking about how programs are going to be implemented. If we don't have a spokesperson at that regional office level for input into the veterans' component of it, we're not going to get served in that region. So, for that reason, we think

there should be at least an equal number of regional offices for VETS as there are for ETA and the other components.

Mr. WEIDMAN. I would agree with my colleagues, Mr. Chairman. I would also point out that here we once again tend to think of just the Federal employees in this "system." You've got 3,100 DVOPs and LVERs out there. If you can't track what's going on with those folks and what's going on in each of 52 jurisdictions from Washington—you may think you can; you can look at the stats; but you can't really analyze it, and there has to be some sort of chain of command. Otherwise, you end up with virtual anarchy out there.

Mr. DOWDY. It has been suggested that the Secretary of Labor be required to issue standards for veteran participation in all DOL-administered or DOL-funded training programs. What does this mean and why do you feel it may be necessary, and is it appropriate for this provision to be contained in title 38?

Mr. ROBERT L. JONES. Sir, as recent as yesterday, I talked to a gentleman who is involved in the administration of some JTPA title II-A funds. His concern was that in that particular area they were requiring a combat Vietnam veteran to get a letter from his mother saying that he was dependent upon her, so that he could be provided services under title II-A. This gentleman was not aware that there is a 10 percent window that is included in JTPA which provides for people who are not economically disadvantaged, such as veterans, ex-offenders, alcoholics, drug addicts, et cetera, et cetera.

Veterans, as we have heard repeatedly, in going across the country during our travels, going down to the JTPA service delivery areas and talking to PICs, we have been informed they will not provide services to veterans based upon their incidence in the population unless they are mandated by law. I maintain that title 38 already has that provision. It just needs to be enforced.

As I testified, we look at the underspending of JTPA moneys and the reobligation that should be made of those moneys to the Job Service and to some of the other veterans programs available, I think the Secretary should be reminded of his responsibility and some of those funds moved around and veterans be mandated by law for services in all Department of Labor programs.

Mr. WEIDMAN. I don't think there's even any way to track within JTPA now veteran participation on a State-by-State basis, Mr. Chairman. The estimates—and they are, in fact, estimtes—that were provided in the testimony today were, I believe, done on five test States, if you will, around the country and arrived at by an actuarial figure. In other words, in the State of Mississippi, you may not be able to turn around and find out how many veterans are participating in title II-A or in title III, et cetera, because most places don't keep it, number one, because they're not required to and because there is no taking into consideration the special needs of vets.

Just to tell one vignette, if you will, that would evidence the general "if you're not written in specifically, veterans, you will be specifically read out." This is an actual incident that happened about 6 weeks ago here in the greater Washington metropolitan area (not in the District of Columbia) where the head of a PIC said, point blank, to a group of vets who were trying to get something going

there in terms of a training program, "Displaced homemakers are our priority, followed by disadvantaged youth. I don't care about vets. I don't have to care about vets. I won't care about vets." It never happened. There is no training program put together for disabled veterans in that area.

That is a fairly typical anecdote that comes back to us all the time, Mr. Chairman. If we're not written in, we're going to be read out.

Mr. DRACH. The only thing I would add to that, Mr. Chairman, is that it has already been acknowledged by everybody here today, including Mr. Roberts Jones from the Department of Labor, that veterans are the responsibility of the Federal Government. If we were to have specific language in the statute that said veterans shall be served in all employment and training programs, that would take the question out of future employment and training programs, should they be enacted.

You know, JTPA has been called the "Son of CETA" and maybe we'll have something a couple of years from now that will be called the "Daughter of JTPA", I don't know. But if we have specific language in title 38 now, then we would be covered for future employment and training programs.

Mr. DOWDY. One final question as to what the veterans' community is doing to effect the delivery of employment services and job training services at the State and local level.

Do you believe your local organizations are making the most of opportunities that may be available to them and are fully participating in the grassroots levels in these areas?

Mr. ROBERT L. JONES. Mr. Chairman, I would say that you can never do enough for an unemployed veteran—that's the first thing. As long as there are unemployment stats which reflect a veteran out of work, we are not doing enough.

As I indicated earlier, we have written to every Governor requesting that he appoint a veterans advocate to the State Job Training Coordinating Councils. They have not done so. To be exact, they have reduced the number of veteran advocates on these councils. We have written to the Director of the National Commission for Employment Policy, requesting that he put someone on his council. That has not transpired.

I believe that we are making the overtures to the individuals that are required, the executive directors of the PICs. I believe that we are making the overtures to the State Job Training Coordinating Councils and other policymakers at the State level, and they have not been receptive to our overtures at the present.

Mr. DRACH. I would agree, largely, with that assessment, Mr. Chairman, with respect to the amount of work that can be done, and perhaps more can be done. I don't think there is any question about that.

I am reminded of several comments that I received from some of our State people and local people after CETA expired and JTPA came into existence, and that was, at least under CETA, there was a mandate that veterans serve on the old councils, the Manpower Planning Councils, at the local level. So there was veteran participation at that level. Sometimes it was sporadic, sometimes it was

good, sometimes it was not so good. But at least it was mandated. JTPA has no such provision.

Many of my people came to me, after the enactment of JTPA, expressing their concern that they had been kicked off of a council because veterans were not mandated to be served under JTPA and, therefore, their input was no longer needed—thank you, there's the door.

I guess we're like any organization, that you try to give direction and you try to give some technical assistance to your field people, and given the fact that most of them are volunteers, it varies from location to location, the type of input and the type of response you get from those individuals.

On the other side of it, the DAV, as you know, does have a national corps of service officers who are supervised functionally by our national headquarters. We oversee what they do and we can mandate them to do certain things. So yes, we do encourage them and mandate them to get involved in employment and training programs at the local level. But again, because the local level controls who does what and who serves on what committees, all too often their input is not asked for, nor is it accepted.

Mr. WEIDMAN. We could obviously do more, Mr. Chairman. But I think the key point is, in regard to this question, is that if we're dealing with the quality of services and not whether those services ought to be dealt with at all, it is a lot easier for the veteran service organizations who, by and large, despite the fact that we have some national service officers in the field, rely on volunteer lay leaders in order to carry the ball. If they have to really just pound and pound and pound on the door to try and get into a meeting of a Private Industry Council, where it is clear they're not wanted and people aren't going to listen to them, it is really very difficult to get somebody to take off from their business to go and do that.

If, in fact, we're dealing with the quality of how a mandated service is delivered, then it is much easier to get folks involved because they feel their time will be productively spent, that the Congress, in fact, has recognized this and is behind them.

Mr. DOWDY. Thank you very much.

My colleague, Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman. I want to thank our panel for their insights and fine statements.

I want to commend the chairman especially for the juxtaposition of today's witnesses, having the veterans' organizations go first, providing the administration witness with a preview of what they could expect and a retort to what they might say, and then having you follow. I think it provides us with more insight that we would not have gotten if all of you waited until the end and then made your comments. I hope this arrangement will continue. I think it is most useful.

I think, as you gentlemen know, this committee has not had the devolution proposal referred to it. I would ask counsel and the chairman to check—perhaps it might be too late—to request that referral be made to this committee so that we could have a piece of the substantive action relative to that bill.

Have you made your views known to the Education and Labor Committee relative to this issue? Have you testified before the committee?

Mr. DRACH. Not in personal appearance, but the DAV submitted letters.

Mr. SMITH OF NEW JERSEY. Okay, good.

I would just ask one final question because the chairman really covered all the ground in his round of questioning.

You heard me before asking some of the veterans' organizations, as well as administration witnesses, as to their feeling on either waiving or modifying or repealing the residency requirement of 2 years.

What is your view on that?

Mr. ROBERT L. JONES. Sir, the Veterans of Foreign Wars does not presently have a national mandate, so we do not have a national policy concerning that. I will say that, historically, resolutions to waive the 2 year residency requirement have been defeated in resolution committee.

Mr. WEIDMAN. We are very much in favor of eliminating that residency requirement, at minimum—at minimum, Mr. Smith—for Assistant State Directors who now basically have no place to go. You have good people like Don Smart, where you have a relatively young State director—this is an individual who is doing a great job as Assistant State Director, has been doing it for a while, has no where to go but up. If the individual leaves the system, not a soul can blame him because there's no room for advancement. In the meantime, in the next 3 to 5 years, it looks like at least 17 of the 20 States where there is no Assistant State Director will become open and a fellow like Don won't even be able to compete. It's just not right. It is foolish management to cut people off at the pass from being able to advance within the system.

Mr. DRACH. That current restriction places more emphasis on where you live than what you know. Perhaps the best comparison would be to put a similar residency requirement on VA regional office directors or medical care center directors, which I think is just an absolute, artificial restriction that should be removed.

I think the waiver of the 2-year residency for 2 years on-the-job experience I think is a pretty adequate compromise, if we can't do away with it altogether.

Mr. SMITH OF NEW JERSEY. I thank you for your comments.

I would just point out to the committee that at the appropriate time I will look to offer an amendment and would appreciate your ongoing view as to whether or not it should be a waiver or complete elimination. I think the committee will be open to it, at least I hope it will.

I would just point out to the committee that section 2014(a) of chapter 42 states "It is the policy of the United States Government to promote the maximum of employment and job advancement opportunities within the Federal Government for qualified disabled veterans and veterans of the Vietnam era", clearly contradicting or in loggerheads with the residency requirement. So I think the time has come to take this action and I certainly will propose it.

Mr. DRACH. If I could, just one other thing.

I think the residency requirement is also suspect in terms of its legality, when you look at some of the court decisions that have come out, particularly the one from the United States Supreme Court dealing with veterans rights in the State of New York. I believe the previous law said you had to be a resident of New York before you entered the service to receive veterans preference when you came out. The United States Supreme Court said that residency requirement was unconstitutional.

Mr. SMITH OF NEW JERSEY. I appreciate that observation.

I yield back.

Mr. DOWDY. Thank you very much, Mr. Smith.

We want to thank all of you for your patience and participation this morning. I want to thank Mr. Rhoades, also, who we asked to wait around in case there were other members who might have questions. That need did not arise. Thank you very much.

This concludes the hearing.

Mr. WEIDMAN. Thank you, Mr. Chairman.

[Whereupon, at 11:55 a.m. the subcommittee adjourned.]

APPENDIX

OPENING STATEMENT OF

HONORABLE WAYNE DOWDY, CHAIRMAN

SUBCOMMITTEE ON EDUCATION, TRAINING

AND EMPLOYMENT

MAY 13, 1987

GOOD MORNING. I WANT TO WELCOME ALL OF YOU AND THANK YOU FOR BEING HERE AT THIS EARLY HOUR. I APOLOGIZE FOR THE TIME CHANGE AND HOPE THAT IT DIDN'T INCONVENIENCE ANY OF YOU, BUT IT WAS NECESSARY TO ACCOMMODATE THE SCHEDULE OF ONE OF OUR WITNESSES.

76-478 - 87 - 3

THE SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT IS MEETING TODAY TO REVIEW CERTAIN EMPLOYMENT PROGRAMS IN THE DEPARTMENT OF LABOR AND TO DETERMINE IF THESE PROGRAMS ARE SERVING THE NEEDS OF VETERANS AS INTENDED BY CONGRESS. WE ARE PARTICULARLY CONCERNED WITH THE PROVISIONS OF CHAPTER 41 OF TITLE 38, UNITED STATES CODE, WHICH MANDATE JOB COUNSELING, TRAINING AND PLACEMENT SERVICES FOR VETERANS.

IT HAS BEEN SEVERAL YEARS SINCE THIS CHAPTER HAS BEEN THOROUGHLY REVIEWED WITH THE GOAL OF POSSIBLE REVISION OR REFORM. AS I'M SURE ALL OF YOU KNOW, S. 999, A BILL WHICH AMENDS CHAPTER 41, IS MOVING THROUGH THE SENATE VETERANS' AFFAIRS COMMITTEE. I INVITE YOU TO INCLUDE REMARKS REGARDING THIS MEASURE IN YOUR COMMENTS.

THIS SUBCOMMITTEE IS ALSO VERY INTERESTED IN PROPOSALS NOW BEING CONSIDERED TO "DEVOLVE" OR "REFOCUS" THE EMPLOYMENT SERVICE. BECAUSE THE EMPLOYMENT SERVICE IS THE DELIVERY SYSTEM FOR DEPARTMENT OF LABOR VETERANS' EMPLOYMENT PROGRAMS, WE WANT TO ENSURE THAT THE QUALITY OF SERVICE TO VETERANS IS IN NO WAY DIMINISHED AS A RESULT OF EMPLOYMENT SERVICE RESTRUCTURING.

A PROVISION OF CHAPTER 41 REQUIRES THAT PRIORITY BE GIVEN TO THE NEEDS OF DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA. THIS REQUIREMENT APPLIES TO EXISTING PROGRAMS, THE COORDINATION AND MERGER OF PROGRAMS, AND THE IMPLEMENTATION OF NEW ONES. ANY CHANGES MADE IN THE CURRENT STRUCTURE OF THE EMPLOYMENT SERVICE OR THE PROCEDURES USED BY THE EMPLOYMENT SERVICE MUST RECOGNIZE THE MANDATES AND REQUIREMENTS OF CURRENT LAW.

WE HAVE SEVERAL WITNESSES TESTIFYING ON THESE AND RELATED ISSUES AND WE HAVE SEVERAL QUESTIONS FOR EACH WITNESS.

I REQUEST UNANIMOUS CONSENT THAT MEMBERS OF THE SUBCOMMITTEE BE ALLOWED TO SUBMIT WRITTEN QUESTIONS TO WITNESSES FOLLOWING THE HEARING, AND THAT THESE QUESTIONS AND RESPONSES BE INCLUDED AS PART OF THE HEARING RECORD.

I WOULD ALSO LIKE TO REQUEST THAT OUR WITNESSES SUMMARIZE THEIR WRITTEN STATEMENTS SO THAT WE WILL HAVE AMPLE TIME FOR QUESTIONS. YOUR ENTIRE WRITTEN STATEMENTS WILL, OF COURSE, BE INCLUDED IN THE PRINTED HEARING.

STATEMENT OF HONORABLE CHRIS SMITH
BEFORE THE SUBCOMMITTEE ON
EDUCATION, TRAINING, AND EMPLOYMENT

THANK YOU, MR. CHAIRMAN.

I COMMEND YOU FOR CALLING THIS HEARING ON VETERANS EMPLOYMENT AND TRAINING PROGRAMS AT THE DEPARTMENT OF LABOR.

THE OVERSIGHT OF THIS SUBCOMMITTEE I BELIEVE, HAS CONTRIBUTED TO IMPROVEMENTS IN THE OPERATION OF THE VETERANS EMPLOYMENT TRAINING SERVICE AND CERTAINLY THE LEADERSHIP AND COMMITMENT OF THE ASSISTANT SECRETARY OF LABOR FOR VETERANS EMPLOYMENT AND TRAINING, DON SHASTEEN, SHOULD BE RECOGNIZED AS WELL.

MUCH OF THE TESTIMONY TODAY FOCUSES ON THE FUTURE OF DEPARTMENT OF LABOR PROGRAMS FOR VETERANS. I THINK SUCH A FOCUS IS WHOLLY APPROPRIATE; FOR, DESPITE THE IMPROVEMENTS, MUCH REMAINS TO BE DONE FOR VETERANS TRAINING AND EMPLOYMENT. TODAY'S COMMITMENT TO VETERANS MUST NOT ONLY BE MAINTAINED, IT MUST BE STRENGTHENED.

I LOOK FORWARD TO LEARNING MORE FROM MR. PRINCE OF THE DEPARTMENT OF LABOR ABOUT THE COMPETITIVE GRANTS PROGRAM UNDER THE JOB TRAINING PARTNERSHIP ACT, AND THE CHANGE TO BE IMPLEMENTED IN ADMINISTRATION OF TITLE IV-C PROGRAMS.

ALSO, I LOOK FORWARD TO HEARING THE REACTION AND COMMENTS OF THE AMERICAN LEGION, AMVETS, THE DAV, THE VFW, AND VVA REGARDING THESE AND OTHER MATTERS RAISED BY THE TESTIMONY TODAY. THEY AND THEIR VIEWS ARE ALWAYS WELCOME AND EXTREMELY HELPFUL.

WRITTEN TESTIMONY
OF
THOMAS H. DYSON
EXECUTIVE DIRECTOR
MISSISSIPPI EMPLOYMENT SECURITY COMMISSION

Mr. Chairman, members of the subcommittee, we appreciate the opportunity to offer written testimony on our concerns with the Amendments to Title 38, United States Code, and the Veterans' Job Training Act as contained in Senate Bill 999.

The Mississippi Employment Security Commission has for many years provided quality services to the Veterans of our state. Even though Local Veterans' Employment Representatives and Disabled Veterans' Outreach Program specialists devote specific time to services to Veterans, all local office staff are charged with providing preferential treatment to Veterans. While we will continue to provide preferential services to Veterans, the Amendments in Senate Bill 999, raise some very real concerns about our ability to do so.

The Amendments to Section 2003A, under Section 2, makes the Disabled Veterans' Outreach Program specialist functionally responsible to the State Director for Veterans' Employment and Training. By making the specialist functionally responsible to the State Director, who is not physically located in the local office, the line and staff supervision is disrupted. While state level staff may have functional supervision over a program in the local office, the local office supervisor must retain line supervision over local office staff in carrying out the program.

(2)

The concerns expressed above would also apply to the Amendment to Section 2004, under Section 3, which requires that Local Veterans' Employment Representatives be functionally responsible to the State Director.

In Section 2004, concerning the assignment of Local Veterans' Employment Representatives, we recommend a change from "Veterans registered" to "new or renewed applications from Veterans and eligible persons". This would change the assignment of staff to be based on all eligible persons mandated by law to be provided preferential treatment.

Under Section 2004, the Amendments require each Local Veterans' Employment Representative to be a Veteran. This is a change from "preferably eligible Veterans or eligible persons" as the section is now written. This will present several problems in the local office. At present, veterans are being employed as Local Veterans' Employment Representatives, when possible. Due to small offices which do not justify a full-time veterans' representative and do not have a staff member who is a Veteran, the duties of Veterans' representative are assigned to the most logical staff member, most often the local office manager. Since we operate under a State Personnel Board merit system for staff, future staff changes and budget reductions may not allow this Agency to have a position in a specific location for a Veteran to be hired or maintained. When possible, Veterans

have always and will continue to be given preference when filling Veterans' representative staff positions.

New section 2004A, under Section 4, calls for the Secretary to develop, and provide for implementation and application of, standards for the performance of Disabled Veterans' Outreach Program specialists and Local Veterans' Employment Representatives. While we do not object to the Secretary developing and implementing such standards, we are concerned with the requirement for State Directors of Veterans' Employment and Training to monitor the performance of such specialists and representatives through the application of such standards.

At present, the State Director of Veterans' Employment and Training monitors and evaluates the performance of the local offices in providing services to Veterans against standards negotiated for each local office. It is more meaningful to evaluate the performance of the total office rather than individual performances in connection with a particular program. While the local office specialists and representatives devote their time to service to Veterans, other staff in the local office also provide service to Veterans. Evaluating individual performances will not provide a true picture of services to Veterans, since the entire staff of a local office is contributing to the placement and training services available to Veterans in a local office service area.

(4)

The performance standards established by the Secretary could be better utilized by the immediate local office supervisor of the specialists and representatives. Under our State Personnel Board Performance Appraisal System, we are required to establish performance elements for each staff member based on their assigned duties. Each staff member is evaluated against these elements by their immediate supervisor, with concurrence of the next level supervisor, each year, with feedback provided throughout the year.

Requiring the State Director of Veterans' Employment and Training to formally participate in each annual performance rating of a Local Veterans' Employment Representative does not seem feasible. By not being in a position to observe daily performance, participate in periodic feedback sessions, or be aware of local labor market conditions, it would be impossible for the State Director to evaluate individual performance.

Section 2003A amends the duties assigned Disabled Veterans' Outreach Program specialists by adding the duty to provide counseling services to Veterans'. We recommend that this be changed to read "provide, or facilitate the provision of, counseling services to Veterans..." At present, under the Veterans' Job Training Act, the Veteran may request counseling through the Veterans' Administration. If counseling is requested or the specialist recognizes a need for counseling, the Veteran is referred to the

Employment Service Counselor in the local office. Requiring the specialist to provide counseling, would require all present and future specialists to be counselor qualified. This would place a burden on present specialists to become qualified, and a burden on the Agency to recruit future specialists who are qualified. Our current procedures provide for counseling services to Veterans in all local offices.

Except for the concerns expressed above, we would like to endorse the Amendments contained in Senate Bill 999, especially the re-instatement of the Veterans' Job Training Act and the establishment of the National Veterans' Employment and Training Services Institute.

MARCY KAPTUR
MEMBER
8TH DISTRICT, OHIO

COMMITTEES
BANKING, FINANCE AND URBAN AFFAIRS
VETERANS' AFFAIRS
DEMOCRATIC STEERING AND POLICY

MAY 0 9 1987

1238 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-4146

FEDERAL BUILDING
234 SUMMIT ST., ROOM 710
TOLEDO, OH 43604
(419) 259-7500

Congress of the United States
House of Representatives
Washington, DC 20515

May 7, 1987

The Honorable Wayne Dowdy
Chairman, Subcommittee on
Education, Training and Employment
Veterans' Affairs Committee
335 Cannon House Office Building
Washington, D. C. 20515

Dear Wayne:

Enclosed is a letter I recently received from a constituent who is very concerned about plans to eliminate federal funding of the Employment Service and "devolve" this responsibility to the states and the effect this may have on veterans' employment. I understand that this may be a subject of discussion at the May 13 hearing when we will be hearing from the Department of Labor.

If it would not be inappropriate, I would like to have this gentleman's remarks included in the hearing record as I believe it is useful to have the testimony of those who would be most directly affected by this proposal. Thank you for your kind attention to this request. I am looking forward to the hearing on the 13th.

Sincerely,

Marcy Kaptur

MARCY KAPTUR
Member of Congress

MK/ss

Enclosure

NORTHWEST OHIO VETERANS COALITION

335 RAYMER BOULEVARD • TOLEDO, OHIO 43605

(Membership: 13,863 – Auxiliary: 4,868)

April 7, 1987

Veterans of Foreign Wars
Verner J. Dwight
Lucas County Commander

Auxiliary
Barbara Young, President
Lucas County Council

American Legion
Robert S. Dart
Lucas County Commander

Auxiliary
Miriam Howell, President
Lucas County Council

Disabled American Veterans
Howard E. Heintz
Commander, Chapter 27, DAV

Auxiliary
Fran Van Tassel
Commander, Chapter 27

AMVETS
Neal Fischmann
Commander, AMVETS, Post 64

Auxiliary
Theresa Jones, President
AMVETS, Post 63

Pete Richardson
Commander, AMVETS, Post 52

Auxiliary
Helen Smith, President
AMVETS, Post 52

Vietnam Veterans of America
Bill Beard, President
Chapter 35, VVA

Gold Star Mothers
Betty Stronmaier, President

Gold Star Wives
Virginia Bagrowski, President

EX-POW's
Howard Schaetzke
Commander, Maumee Valley Chapter

Lucas County Memorial Association
Mary Bence, President

Military Order of the Purple Heart
Charles C. Corriveau
Commander

Polish War Veterans
Marion Wojciechowski
Commander

Catholic War Veterans
Raymond Zuchowski
Commander, Post 1675

Auxiliary
Barbara Pace
President, Post 1675

Raymond Czerniakowski
Commander, Post 639

Auxiliary
Patricia Pero
President, Post 639

Joseph Simon
Commander, Post 306

Auxiliary
Theresa Farmer
President, Post 306

Marine Corps League
Lou Diamond, President

Mike Lillstrung
Commandant

Auxiliary
Goldie Lesma
Commandant

Marine Corps League
Iwo Jima Detachment
Anthony Jendryck
Commandant

APR 2 0 1987

Honorable Marcy Kaptur
Member, 9th District, Ohio
Congress of the United States
Federal Building
234 Summit Street, Room 719
Toledo, Ohio 43604

Dear Marcy:

The Employment Services Act of 1987 encompassed in the Trade Employment and Productivity Act of 1987 (S539 - HR1155 in the House) would eliminate Federal funding of the Employment Service as of July 1, 1990.

Under the "devolution concept", states would have no obligation to provide an Employment Service but merely an obligation to provide "public employment services" through whatever mechanism the Governor designates.

In the Administrations rush to destroy the United States Employment Service they have failed to address the fact that it is only the Federal oversight role mandating regulations requiring Veterans preference, that has preserved the principle of veterans preference in employment.

At Best, a Federal commitment to the financing of "Veterans Service" without an equal commitment to Federally mandated and directed Veterans preference provisions is a hollow gesture and an extreme disservice to this nations and Ohio's veterans.

At its worst, devolution could eliminate the local Veteran Employment Representatives and Disabled Veterans Outreach Personnel and all of the services they provide veterans while employed at the Ohio Bureau of Employment Services. Indeed they have been the legs for our Disabled Veterans in their search for employment. Veterans would become the beneficiaries of token consideration for employment (when states and locations had the will and the money to provide it) instead of preferential consideration for employment.

For the above reasons, I am asking you to vote to defeat the Employment Services Act of 1987. This extremely misguided and damaging bill must not pass. Our veterans deserve better.

Sincerely,

George W. Wagner

George W. Wagner, President
Veterans Coalition N.W. Ohio

Statement of

James G. Bourie

National Service Director

AMVETS

Mr. Chairman, the American Veterans of World War II, Korea and Vietnam (AMVETS) thanks you and the Committee for inviting us today to comment on the U.S. Department of Labor's (DOL) veteran employment and training programs. We wish first to compliment you Mr. Chairman and members of this Committee for their concern and active role in veterans' employment and training issues.

Let us not fool ourselves Mr. Chairman, the problem of veterans' unemployment (and underemployment) is great and is taking a larger toll than can be accounted for especially for the disabled, the older veteran and the displaced veteran. Notwithstanding official unemployment statistics to the contrary veterans comprise over 35 percent of all dislocated workers; over 30 percent of the homeless are veterans and nearly 20 percent of all disabled veterans are unemployed. We have no idea of the number of veterans who are termed "discouraged" workers, or are of another era who have lost hope of finding employment; or the mentally troubled veteran.

AMVETS' National Service Officers, the second largest NSO cadre of any veteran service organization, in 1986 made nearly 450,000 contacts with veterans or others seeking assistance, and between 10 - 15 percent of these contacts were employment-related.

As an aside, the VA Vet Centers report that employment-related issues are in the top three problems facing veterans. We see more evidence and substantiation of this through our involvement

with the President's Committee on Employment of the Handicapped and its Committee on Disabled Veterans (CODV), which has been conducting Public Forums around the country for several years now. Over the years the Committee has heard from disabled and other veterans, veteran advocates, veterans' service organizations, veterans' service providers, and a host of others, to include employers, on how things really are in the world of veterans' employment and training. And in a few words -not too good. We're loosing ground fast and may be in jeopardy of loosing an entire generation of veterans. From across the country the CODV heard complaints of discrimination, lack of programs, lack of coordination between federal agencies and a range of other comments.

The challenge of the homeless veteran is most unique as many homeless suffer mental and/or substance abuse problems. Additionally, they are mistrusting of the public, let alone the bureaucracy, and will not seek help. A tremendous amount of staff time and resources are needed to address the issue of the homeless veterans. Whether the DOL or VA will be capable of addressing that issue in a meaningful way is very doubtful given current staff and resource levels.

What we are also experiencing, Mr. Chairman, is a severe problem with the older veterans and the long-term, chronic unemployed

veterans. These two groups, in our opinion, comprise the largest group of veterans in need; and, of course, disabled veterans being within each category. We believe that federal programs need to be designed and implemented that would provide: outreach, training and placement--the essential ingredients of any employment and training program. We can trace, without too much difficulty, the lack of real veterans' employment and training programs back to the Manpower Development Training Act (MDTA) of twenty years ago through the failure of CETA (in the face of a veteran mandate) to the current Jobs Training Partnership Act (JTPA) wherein Title IVC, a National Veterans' Program receives about $10M annually, less than one-half of one percent of the total funding level and far less than other national programs. Indeed, veterans' programs came awfully close to being eliminated under the JTPA while other programs breezed through to passage. Why? Why, Mr. Chairman, when it comes to veterans' employment and training programs, programs to place deserving men and women back into the economic mainstream after years of honorable service there is so much trouble? Trouble in Congress and within the Department of Labor. Millions upon millions are often wasted on questionable federal projects annually, but yet veterans' programs are one of the first to be eliminated or reduced.

We just touched briefly on the JTPA and underscored the meagerness of Title IVC. Little in the way of real employment and training programs outside of outreach and, or public information can

be accomplished. Titles II and III of the Act make no special provision for veterans. The prevalent attitude of PICs is to ignore the employment and training needs of veterans deferring that issue to the Office of Assistant Secretary for Veterans' Employment and Training (OASVET) or the VA. There is no emphasis from the Department of Labor (Employment Training Administration) to encourage veterans to apply. We see this lack of concern manifest itself with the administration's bill, S538 which establishes a sweeping and comprehensive Worker Readjustment program. At a recent Secretary of Labor's Veterans' Committee meeting, Secretary Brock, when asked if specific veteran language could be added to S538, answered that such language would be added. Subsequently, S538 contained no specific veteran language. The Assistant Secretary for Veterans' Employment and Training has backed off also on specific veteran language and would be content with a mere veteran reporting requirement. So, once again false hopes, promises and expectations.

Mr. Chairman, we can look also at the Office of Federal Contract Compliance Program (OFCCP) which has done little to see that Section 2012 of Title 38, U.S.C., on veterans' affirmative action be advanced. We are still accustomed to veterans' grievances and complaints against federal contractors without OFCCP involvement. There must be some way to ensure that Section 2012 be enforced, as it would appear that OFCCP has no intention

of enforcing it. However, we do not feel it a sound initiative to allow the OASVET to have Section 2012 authority. Section 2012 is, after all, adversary in nature; the VETS is advocacy.

One veterans' employment program which does indeed enjoy high marks is the Veterans' Job Training Program, having been responsible for placing over 50,000 eligible veterans in jobs. AMVETS knows firsthand of its good as we have hired seven current National Service Officers under it. AMVETS supports the VJTP and supports its two-year extension. We realize that of late the VJTP has come under question due to its "high" dropout rate. It must be clearly understood that there are many, and varied, reasons why eligibles leave any employment program. There is no one reason: not substance abuse or PTSD. What we see as a greater problem is the huge volume of eligible veterans waiting to be placed versus the small number of employers who have been certified. Too, there is not always a "match" between veterans and employer; or the veteran lacks the fundamental requirements for the position (a serious issue). A word here Mr. Chairman regarding the VA and DOL program cooperation, AMVETS wishes to compliment both agencies in general and the Department of Veterans' Benefits and the Veterans' Employment and Training Service in particular for their handling of the VJTP. Very good coordination and in our experience fast action. We have never encountered any problems with forms or reimbursement, both agencies have been more than helpful. While we are supportive of the VJTP, we

still realize there are a few inherent problems such as matching, promotion and the VJTP appeal to small businesses versus large employers.

Mr. Chairman having given our opinion on the JTPA and VJTP we have exhausted all reflection on veterans' employment and training programs. The word "training" is truly a misnomer as there is, in fact, no veterans' training program on the books or in reality. We often delude ourselves into thinking that veterans are offered a full menu of employment or training programs, but in reality only just a few scraps.

The main thrust of veterans' employment initiatives is borne by the Disabled Veterans' Outreach Program Specialists (DVOPs) and Local Veterans' Employment Representatives (LVERs) located at Job Service offices nationwide. These dedicated and hard working personnel are to be congratulated for their ability to go that "extra mile" in placing often difficult veteran cases. But of late Mr. Chairman, they too have come under attack and strain as the Job Service has lost staff and has cut or closed offices. DVOPs are often not allowed to do outreach; both DVOPs and LVERs will often service non-veterans, and other problems. Regardless of any legislation contemplated that would "protect" and, or define with absolute clarity and duties of DVOPs and LVERs, nothing short of federalization would allow DVOPs and LVERs to function in an environment described in Chapter 41

of Title 38, U.S.C. The real bottom line is that they remain state employees with performance evaluations signed by supervisors who are also state employees. There keeps cropping up incidences of DVOP, LVER funds being misused; failure of states to have the correct number of DVOPs or LVERs; DVOPs servicing non-veterans, and on. The Office of Assistant Secretary for Veterans' Employment and Training needs to closely monitor these situations and move swiftly against any states that violate Chapter 41.

Further, we think the future of both programs is in jeopardy. No doubt OMB would seek their elimination; after all they recently tried by placing a cost cap on DVOPs, disregarding the placement formula. Again, unless the DVOPs and LVERs are federalized, problems will continue.

There is no doubt that the administration seeks to eliminate the Job Service as a federal responsibility. To turn it back to the states; to "devolve" itself. As regard veterans' services and priority as mandated by Sections 2000 and 2002 of Title 38, U.S.C., we think that such devolvement would sound the death knell for such services. There would be no DVOPs or LVERs and little use for the VETS at the state or national levels. Federal involvement ensures uniformity, order and continuity, and veterans are best served under that federal mandate.

Overall Mr. Chairman, the OASVET is as close to the bone as possible in staff to carry out its vital mission. AMVETS has the highest regard for Secretary Shasteen and his staff; they are accessible to us and we have always found them willing to listen to our views and suggestions. Under the circumstances Secretary Shasteen is to be complimented. We hasten to add however, that the VETS does indeed face more than one major challenge in the future: insufficient budgets; staff shortages; possible loss of Regional Directors; displaced DVOPs, LVERs, and states which flat-out refuse to cooperate. On that point, it has always amazed us that while Section 2002 of Title 38, U.S.C., mandates timely and priority job placement for eligible veterans, the VETS annually negotiates with the states on the number of veteran placements that are "acceptable". That number is often under 20 percent. So what becomes of the veterans in the "non-negotiated" category?

One exceptional bright spot in the veterans' horizon is the National Veterans' Training Institute (NVTI) to train DVOPs, LVERs and others. The NVTI takes a "holistic" approach to veterans' services. AMVETS has been a guest presentor and has worked with the NVTI and OASVET in developing materials. Our compliments to the Director, Mel Cozzens and his staff on the exceptionally fine job they do. The NVTI needs to continue as a separate specific line item in the OASVETS' budget. It simply cannot survive and prosper with leftover DVOP and LVER funds.

Mr. Chairman, that concludes our testimony. AMVETS wishes to again thank you and the Committee for the opportunity to appear.

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

PAUL S. EGAN, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

DENNIS K. RHOADES, DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

VETERANS PROGRAMS ADMINISTERED BY THE DEPARTMENT OF LABOR

May 13, 1987

STATEMENT OF
DENNIS K. RHOADES, DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION
before the
EDUCATION, TRAINING AND EMPLOYMENT SUBCOMMITTEE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

MAY 13, 1987

Thank you, Mr. Chairman. The American Legion appreciates the opportunity to appear before the Subcommittee today to discuss the future of veterans employment and training programs. Most of these programs are inextricably bound to programs for the general public, and we would like to spend some time today discussing the public employment service. We recognize that the Employment Service, as a distinct entity, is not under the aegis of the Committee on Veterans Affairs. At the same time, however, any major changes in national policy regarding the operation of a public labor exchange will have a profound effect upon our nation's ability to find jobs and training -- and ultimately to assure economic well-being -- for our former soldiers. The American Legion thus believes that this hearing is very timely, and we congratulate you, Mr. Chairman, and your colleagues for the concern and insight you have demonstrated in choosing to examine this issue, as well as other veterans employment issues, carefully.

Mr. Chairman, the changes proposed by the Administration for our fifty year old public labor exchange raise questions, in the Legion's judgment, about the health of employment and training programs for veterans generally. In many respects, unemployed veterans are being served by a system which has substantially improved during the past ten years. There is now an Assistant Secretary of Labor for Veterans Employment and Training (ASVET) who is no longer answerable to the Employment and Training Administration, and serves as an independent voice for veterans within the Department. Activities such as the Disabled Veterans Outreach Program (DVOP), reemployment rights, and veterans programs under title IV-C of the Job Training Partnership Act (JTPA) are now under the ASVET's direct administrative control. For the first time ever, local Veterans Employment Representatives (LVERs) and their DVOP counterparts are receiving the kind of intensive training they need to function at full capacity in their jobs.

These are positive indicators. Yet veterans employment and training programs have major flaws which are unlikely to be repaired without legislative action. In order to understand these flaws, it would be useful for a moment to examine veterans employment and training programs in their totality. To do so, we must first recognize that there are three basic elements to the employment equation.

The first element -- and the most emphasized historically in meeting the needs of unemployed veterans -- is placement, or basic labor exchange services. This function is presently filled by the public employment service, and its services are basically suited to clients who are job ready. The second and third elements, counseling and training, are related in that they are directed to the non-job ready. These two functions will become increasingly important as this century ends. Last year, Secretary of Labor William Brock introduced the Workforce 2000 project, in which an analysis was done of the nature and needs of the labor force in the year 2000. Workforce 2000 reached a number of conclusions which we believe ought to be seriously considered by the Veterans Affairs Committee as it deliberates changes in veterans employment programs. The first conclusion was that the labor force will be considerably older than it is at present, with a dwindling pool of new entrants. Second, the transition of our national economy from heavy industry to service-based occupations will continue, even accelerate. We are even now experiencing such a transition, and much of the worker dislocation of concern to both the Administration and Congress is a result of the transition. The changes in the basic structure in the economy are likely to be accompanied by quickening technological change, which will create greater structural unemployment problems. Most workers are likely to change occupations five or six times during their working years. Occupational changes and structural unemployment require a coherent national economic policy and the formation of counseling and training programs which can alleviate the disruption of unemployment and underemployment among participants in the labor force.

How then, Mr. Chairman, do present veterans employment and training programs match up both to current and future needs? The answer is, not very well.

Had not the Veterans Job Training Act (VJTA) been created, there would be no employment training program in the United States which targets, or even provides special consideration for veterans. As you are well aware, the passage of the Job

Training Partnership Act (JTPA) in 1982, failed to acknowledge the national responsibility for assuring employment training services for veterans. This failure marked a significant departure from the policy of preceding training programs such as the Manpower Training Development Act (MTDA) the Public Employment Program (PEP), and the Comprehensive Employment and Training Act (CETA). Fortunately, under the leadership of this Subcommittee, Congress enacted the Emergency Veterans Job Training Act, both to address the highest unemployment rate among Vietnam veterans in history, as well as to provide unemployed veterans with a targeted training resource denied to them by JTPA.

Mr. Chairman, we are grateful to you and this committee for the leadership shown in developing VJTA, and in providing for its extension, particularly the most recent, which would extend the program for two more years. We will not dwell today on our concerns about that program except to emphasize two points. The first point is that VJTA is and will remain a temporary program, subject to periodic exhaustion of funds and administrative shutdown. These factors ill serve the good will of the employer community which is vital to VJTA's success, as well as the necessary bureaucratic structure, both in the VA and the employment service necessary to administer the program. Moreover, since VJTA is a temporary program, it cannot be viewed as a part of a permanent veterans employment and training structure. My second point concerns the high dropout rate. VJTA, as currently designed does not meet the needs of non-job ready veterans -- a prime target for employment training programs. Its principal missing component is effective case management and counseling. Previous legislation has spoken to the need for counseling and generally charged the agency with its provision.

We need to ask, however, what counseling resources actually exist in the VA and the Employment Service to meet legislative mandates? In reality, counseling resources are dismally scarce. The VA's vocational rehabilitation and counseling program now requires a 90 day wait for an appointment with a counseling psychologist. Yet, the Administration proposed earlier this year to reduce the VA's rehabilitation program by 95 FTEE. The Employment Service's capability is even worse. In most local offices there simply is no counseling available. As budget and staff reductions have been imposed upon the public labor exchange year after year, one of the first services to be abandoned is counseling.

The elimination of counseling is a part of continuing policies which are dismantling the employment service in fact, if not in law. The difference between this and other years is that the Administration, through the Office of Management and Budget and the Department of Labor, put its official imprimatur upon the process. The Employment Services Act of 1987, and its companion bill, the Unemployment Insurance Financing Act of 1987, would eliminate the public employment service as a discrete system and require governors to provide "public employment services" through whatever mechanism they choose. The proposal would eliminate federal financing as of July 1, 1990, and require monitoring and oversight of these services by Private Industry Counsels under JTPA.

Mr. Chairman, The American Legion's 1986 National Convention in Cincinnati approved Resolution Number 230 which puts the organization on record as opposing "any legislative, regulatory or administrative measure which would weaken or relinquish federal control of the Employment Service and its requirements for preference for veterans".

The American Legion has been aware that such a proposal, often referred to as "devolution", was under development at the Department of Labor despite denials of agency officials. Last October, the Legion participated in a series of Labor Department hearings on the future of the Employment Service. Despite the Department's representations to the contrary, the report of the independent contractor hired to formulate the results of those hearings states clearly that "most (respondents) felt that the current ES System needs fine-tuning, rather than a complete overhaul." Yet the Administration is, in fact, proposing a radical overhaul of the system which will result in changes so profound that there will no longer be a consistent, useful labor exchange to provide veterans preference in employment assistance as required by law. The discretion which the proposal would allow governors and local elected officials in providing job finding assistance is inconsistent with the philosophy which has driven the veterans benefits system for many years: that every individual veteran has served his entire country, rather than just his state or his community, and that he or she should not be penalized merely because of residence.

Although the Administration has pledged to retain veterans preference under the new law, such preference will be mandated upon a system which no longer exists, and which will not be accountable to the federal government. The design of the proposal suggests that the responsibility for providing public employment services will fall upon locally autonomous JTPA program operators. Since its creation in 1982, veterans have been virtually shutout from participation in JTPA, which serves as the nation's major

employment training program. There is no reason to believe that veterans will fare any better with the new ES than they do in JTPA programs, particularly with JTPA operating the ES.

Mr. Chairman, The American Legion applauds your efforts to work with your colleagues on the Labor and Human Resources Committee to resist this proposal. We are also heartened by the stance of the Committee Chairman, Mr. Augustus Hawkins in recognizing the impact of this proposal on veterans.

No one in the veterans community should be sanguine, however, about the fate of this legislation. We believe that the agency will now attempt to accomplish administratively what has proven difficult in the legislative arena. In fact, that process is ongoing in the state of Indiana, where the Employment Service has been subsumed under JTPA. The veterans organizations have been able to control the damage to the veterans program through hard negotiation with the state legislature, but it is too soon to gauge the effect of these negotiations on the system which has just begun to be implemented. We urge the Subcommittee to keep a careful watch on the Labor Department and the various states in the near future.

Preserving the current system, however, is not nearly enough. As we indicated earlier, there are major flaws in Chapter 41 which in the Legion's opinion need to be corrected. Today we would like to suggest eight major changes to the statute.

First, we believe that priority service to veterans needs to be more clearly defined. While present implementing regulations provide such an explicit definition, we know they are only regulations, and, therefore, subject to change. We, therefore, believe that veterans priority service needs more substantial statutory authority, particularly in the rapidly changing program environment.

Second, The American Legion believes that Congress needs to address employment training for veterans in a more permanent structure. While we are pleased that Congress appears inclined to reauthorize VJTA for two more years, the extension is still temporary. In our view, either the employment training programs funded through the Department of Labor should be mandated to provide the same veterans priority as the law requires of the public employment service, or a separate training structure such as VJTA, should become a permanent part of title 38.

Third, Congress needs to establish an unequivocal formula to determine the number of LVERs. Such a formula is presently in place for the DVOP. We have shared with Committee staff a proposal for assignment of LVERs based both on veterans population and local office workload. Our proposal also includes provisions for the assignment of an additional LVER for every 1500 veterans over and above the 1000 applicant baseline. This latter provision responds to a need in large offices for more veterans staff to provide adequate service, and to the trend in many states to consolidate existing offices.

Fourth, the Subcommittee should take a careful look at the sunset provision in Chapter 42, which defines Vietnam-era veterans out of existence at the end of 1991. Since both Chapters 41 and 42 place emphasis on services to this group of veterans, many provisions in the statute, such as the formula for DVOP, will be adversely affected by the sunset.

Fifth, The American Legion believes it is time to call the question on the Labor Department's enforcement of the federal contractor affirmative action requirements in Chapter 42. The Office of Federal Contract Compliance (OFCCP) has failed veterans entirely. We recommend moving responsibility for enforcement to the Office of the ASVET where it properly belongs. As was the case with the reemployment rights program, however, staff, as well as responsibility, needs to be included in any such transfer.

Sixth, in order to close the statutory loop in the field staff configuration of the Veterans Employment and Training Service (VETS), the Regional Directors of the agency need to be placed under Chapter 41. These Regional Directors are the top field managers, but are, in fact, vulnerable to budgetary vagaries. The Labor Department has already eliminated three of the ten positions. This places VETS at odds with the rest of the Department, which is still operating through ten regions. We believe that not only should these positions be mandated by law, as are the State and Assistant State Directors (along with their secretaries) who work for them, but Congress should also assure that VETS conforms to the ten region structure of the rest of the Department of Labor.

Seventh, it is our view that the Committee needs to take a realistic look at the availability of employment counseling for veterans. As we indicated earlier, available counseling resources are becoming scarcer. We believe that to a great extent, informal or "peer" counseling may be all that most veterans require. Training in this kind of

counseling can be accomplished through the National Veterans Training Institute. There will continue to be some veterans who will require more formal counseling, and the lack of resources, either through the VA or the employment service, needs to be examined. Contract counseling, training and administration of some LVERs or DVOPs as counselors are among the options we might suggest.

Finally, The American Legion supports the establishment in title 38 of a National Veterans Training Institute (NVTI). There can be little doubt that in these times of high federal deficits major new programs or substantial increases in resources are not forthcoming. Yet we cannot simply "make do" and bide our time. We need to develop existing staff to function at full capacity. I recently had the opportunity to visit NVTI in Denver and I came away believing that it is among the best veterans employment initiatives I have seen in many years. It is a low cost resource which can have substantial effect upon jobless veterans.

Mr. Chairman, none of these recommendations above involves the commitment of large sums of federal funds above and beyond present levels. We believe, however, that their adoption is important not only over the short haul but will be of benefit to veterans for many years to come.

We appreciate the opportunity to appear here today and discuss these options with you.

STATEMENT OF
ROBERTS T. JONES
DEPUTY ASSISTANT SECRETARY OF LABOR
FOR EMPLOYMENT AND TRAINING
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

May 13, 1987

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to testify before you today on the effectiveness of Department of Labor programs serving veterans and the Administration's proposed "Employment Services Act of 1987."

As you know, this legislative proposal is contained in the President's proposed "Trade, Employment, and Productivity Act of 1987" which was transmitted to the Congress in February. In addition to this proposal to refocus the public employment service, the President's "Trade, Employment, and Productivity Act" contains three other Administration legislative initiatives involving Department of Labor programs to address the human resource dimensions of the problem of competitiveness:

- A proposal to establish a new Worker Readjustment program;
- An AFDC Youth Initiative to target services to youth in welfare families under the Job Training Partnership Act (JTPA); and

- o A proposal to decentralize administrative financing of the Unemployment Insurance (UI) system.

Let me state at the outset that the basic principle underlying each of these proposals is to substantially increase services to dislocated workers and other unemployed individuals that government programs serve. As these proposals succeed, we will substantially increase services to veterans who are in need of assistance. This was and remains a goal of the Administration.

While I am aware that the veterans organizations have generally been critical of these proposals, it continues to be our belief that the enactment of our proposals to refocus the Employment Service and to establish a new Worker Readjustment program will result in a dramatic improvements in programs assisting the eligible population, including veterans.

The Employment Service (ES) proposal will strengthen the public employment service, allowing States to make available a broader range of services and to establish a stronger financial base for the employment service. There is no question that these changes will improve service to veterans as well as other clientele who utilize the Employment Service.

During its 54-year history, the Nation's public labor exchange has helped tens of millions of American workers, including millions of veterans, find jobs. It has done an admirable job. But as we near the close of the century, we face dramatic changes in the job market. Because the growth of the

labor force is going to slow dramatically, the composition of the work force will significantly change. The growth in jobs will surpass the growth in the labor force, so that by the turn of the century we will have the capacity to employ every American who wants and needs to work. This means that both the Employment Service and the job training systems must begin to vastly increase their services to the applicants who come through these systems. Because of this, we have raised the issue of whether the Employment Service, as it is currently structured, can meet this new demand that will be placed on it.

To answer this question, we announced in the Federal Register a series of key questions on the purpose, design and focus of the Employment Service and invited public comment at a series of meetings held around the country. Based on comments from over 700 respondents, including 70 representing veterans or veterans' organizations, as well as research, studies and data, the Department developed its proposal to refocus the Employment Service to better address labor market needs between now and the turn of the century.

The amendments we are proposing to the Wagner-Peyser Act will increase the total number of applicants and employers who are served by the Employment Service, and provide greater flexibility in responding to the rapidly changing needs of the labor market. Because speed and flexibility in adapting to labor market needs will be at a premium, our proposal emphasizes services that will help workers respond quickly, including assessment, vocational counseling, labor market in-

formation, and testing. It also allows flexibility in providing a diversity of services -- for example, job placement services will be particularly needed in some areas and for some populations. Job-seekers who need more assistance in order to be job ready can be referred to JTPA, education programs, and social service agencies.

Our proposal would continue to require that States carry out certain Federal mandates, including providing services to veterans. With respect to the broader services provided by States, States would be given more flexibility in managing the scope and nature of their public labor exchange. They would have greater autonomy in determining the level and types of services to be provided.

The ES proposal also would increase the involvement of the private sector at the State and local level with respect to the design and delivery of employment services within each State. This would be accomplished through changes in responsibilities of the Private Industry Council and State Job Training Coordinating Council. Veterans' representation on the State Councils would continue.

Under the ES proposal and the companion UI proposal, beginning in 1990, States would assume responsibility for funding public employment services. Currently, the Federal Internal Revenue Service collects a tax on employers that funds the Employment Service. Beginning in 1990, States would collect any employers taxes enacted under State laws. However, employers would continue to be assessed a Federal tax to fund Federal

programs for veterans, including the Local Veterans' Employment Representative (LVER) and Disabled Veteran Outreach Program (DVOP). In addition to employer taxes, States could increase support for public employment services with other resources, such as State general revenues.

I wish to emphasize that under our proposal States would be required by law to provide public employment services such that workers and employers throughout the State would have access to such services. Our proposal ties this requirement to the Federal Unemployment Tax Act (FUTA) conformity requirement and thus places responsibility on the States to meet this requirement at risk of losing the offset tax credit for their employers. Among the services which must be provided are services to veterans under Chapters 41 of Title 38. In providing these services, the States will have to comply with regulations issued by the Secretary of Labor through the Office of the Assistant Secretary for Veterans' Employment and Training. It should be recognized that this is a stronger Federal control than exists under current law.

In the last program year there were just under 20 million applicants to the Employment Service. Of those who applied to the Employment Service, about 3% were counseled, less than 1% were placed in training, and about 17% were placed in jobs.

Of the 20 million applicants, about 2.7 million were veterans. About 8% of these veterans were counseled, less than 1% placed in training, and 17.5% placed in jobs. Countless others found jobs on their own.

In view of the potential we have for providing jobs for everyone who wants one, I find these figures totally unacceptable, as I am sure you do. The primary reason our proposal should be adopted is that it will greatly improve service, both for veterans and the general applicant population.

My colleague has described services provided to veterans under Title IV-C of the Job Training Partnership Act (JTPA). Let me add that veterans are served under the mainline JTPA programs. In the largest JTPA program, the Title II-A block grant to States, nearly 100,000 veterans were served in the most recent program year. Another 44,000 were served by Title III dislocated worker programs.

I will conclude by mentioning that one of the other proposals in the President's competitiveness package -- the proposed Worker Readjustment Program -- will benefit a significant number of veterans.

A Bureau of Labor Statistics survey indicates that about one-quarter of the dislocated worker population are veterans. About 20% of those now served by the JTPA dislocated worker program are veterans. We know from past experience with dislocated worker programs that over half of these workers are able to find reemployment on their own, without government assistance. One reason for the low percentage of veterans served under JTPA may be due to the fact that some veterans, because

of their experience, are able to return to work sooner, on their own. Another factor may be the nature of some of the more recent worker dislocations. For example, the footwear industry has relatively few veterans.

Our Worker Readjustment proposal would set up a new program, funded at $980 million, that would help 700,000 workers -- three times the resources and workers served by the Trade Adjustment Assistance and JTPA programs it would replace. This is virtually the entire population of dislocated workers we estimate will need government assistance. Thus, for the first time, all dislocated workers, many of whom are veterans, should be able to receive the retraining and adjustment services they need.

Several other features of our proposal are worth mentioning. It would:

- o establish a comprehensive new program for dislocated workers, regardless of the cause of their dislocation;
- o provide incentives for early notification of plant closings and layoffs, and mechanisms for early intervention in those situations;
- o establish close linkages to the Unemployment Insurance system; and
- o provide flexibility to target resources to where dislocations occur, and the flexibility to move resources to those areas as quickly as the need arises.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you or other Subcommittee members may have.

STATEMENT OF G. B. "BILL" PRINCE
DEPUTY ASSISTANT SECRETARY FOR
VETERANS' EMPLOYMENT AND TRAINING
U.S. DEPARTMENT OF LABOR
BEFORE THE
SUBCOMMITTEE ON EDUCATION,
TRAINING, AND EMPLOYMENT
U.S. HOUSE OF REPRESENTATIVES

May 13, 1987

Mr. Chairman and Members of the Committee:

The Department of Labor is involved in a variety of programs and activities to assist veterans in finding jobs and training opportunities. The Assistant Secretary for Veterans' Employment and Training (ASVET) is the principal advisor to the Secretary of Labor in the formulation and implementation of all departmental policies and procedures affecting veterans, and is also responsible for administering a variety of veterans' programs.

Administered by the ASVET, the Veterans' Employment Training Service (VETS) consists of a nationwide network of Regional, State, and Assistant State Directors for Veterans' Employment and Training Service and Assistant Regional Directors, Regional Agents, and Area Agents for Veterans' Reemployment Rights and clerical support staff. Through this network, VETS supervises and provides technical assistance to State Job Service offices and Job Training Partnership Act (JTPA) grant recipients to ensure that eligible veterans receive priority services of counseling and job referral as required by statute. VETS staff coordinate job development

efforts with employers, labor unions, and veterans and community organizations, and encourage veterans to make use of employment and training services.

During fiscal year 1986, among their many activities, the VETS field staff made 1,044 evaluations of large local Job Service offices, 452 evaluations of small offices, and 821 management assistance visits to out-stationed Disabled Veterans' Outreach Programs specialists.

To promote veteran participation under JTPA, Title IV-C, staff made 714 visits to JTPA grantees. Another 592 visits involving JTPA grants were made concerning technical assistance and grant monitoring.

Under our Veterans' Reemployment Rights Program, 1,739 cases were opened of which 33 were referred to the Department of Justice for consideration of representation. Over $600,000 in wages was recovered via compliance requests and litigation.

For two years now, we have operated a competitive grants program under the Job Training Partnership Act (Title IV-C), directed at meeting the needs of Vietnam-era, recently separated, and service-connected disabled veterans. As our experience grows, so does our success. We currently are moving ahead to maximize the use of Title IV-C funds. In program year 1987 we will implement a major change in the development and administration of Title IV-C programs. Only State JTPA administrative entities will be able to apply for the majority (eighty percent) portion of funds and a 100% match will be required from each recipient. We hope to bring Title IV-C more

into line with the JTPA planning process utilized under Title II. We believe this will act as a lever to open many other employment and training opportunities for veterans.

We have also had the opportunity to work in cooperation with the Veterans Administration on the Veterans' Job Training Act (VJTA) program. Under this emergency training program, approximately 52,000 long-term unemployed veterans have been placed in training positions. Although this program is scheduled to end in FY 1988, because of the significant decline in veterans' unemployment, we plan to use the "case manager" concept in other programs.

In FY 1986 we implemented the "case manager" concept, under which the State Job Service agencies' Disabled Veterans' Outreach Program (DVOP) and Local Veterans' Employment Representative (LVER) staff took individual responsibility for ensuring the delivery of appropriate services to the long-term unemployed who were VJTA program eligibles. Because we believe this concept worked well under the VJTA program, VETS has provided funds to the University of Colorado at Denver to establish a training institute for approximately 1,300 LVERs and DVOPs. We are providing a unique opportunity for bringing together LVERs, DVOPs, and employment service personnel to learn new concepts and to gain insight into different approaches in serving veterans. Also they are being trained in carrying out their responsibilities under the "whole person concept."

In the last program year, 17.5% of veteran applicants, 17.8% of Vietnam-era veterans, and 21.4% of disabled veterans were placed in jobs by the State Employment Service system. Current estimates indicate that these achievements will be maintained in the current program year.

In addition to the employment and training services programs and rules administered by the agency, VETS also provides services authorized by Chapter 43 of Title 38, U.S. Code, to protect the reemployment rights of veterans, National Guard members, and reservists. Such rights include not only pay and seniority protections while the individuals are on active duty, but also protection in pension rights. With such protection, our national defense is enhanced since individuals, particularly reservists, would otherwise be reluctant to risk their full-time civilian jobs in order to serve in the military. Through efficient utilization of agency staff and emphasis upon settling cases through conciliation rather than litigation, the agency is reducing case processing time, responding to more inquiries, and achieving resolution of more cases than in the past.

Our commitment to help long-term unemployed veterans includes the hard-to-reach homeless veterans. Last year, VETS commissioned a study to assess homelessness among the veteran population as well as initiatives to deal with it and to make recommendations for appropriate action.

The study found that veterans comprise a large segment of the homeless. Having abandoned the "Establishment" system,

these veterans are resistant to availing themselves of existing services. The Jobs for Homeless Veterans program addresses the special need to reach out to these veterans and to integrate them into the employment mainstream. Besides employment training, this program recognizes that other needs--chronic health problem[illegible]nd clothing--must be met to assure a successful return to gainful employment. The Jobs for Homeless Veterans program provides for linkages with local service providers to meet these multiple needs.

The program features grants to ten major cities, of which seven are now in place, and several more are close to being finalized. We expect all ten to be approved by the end of May.

Finally, as required by Veterans' Compensation, Education and Employment Amendments of 1982, the ASVET has recently promulgated regulations [52 F.R. 6674, March 4, 1987 (to be codified at 41 CFR Part 61-250)] requiring Federal government contractors holding contracts of $10,000 or more to file annual reports on their hiring practices concerning certain categories of veterans. Specifically, starting March 31, 1988, contractors must report on the number of veterans of the Vietnam era and on the number of "special disabled" veterans (those with a 30 percent or higher disability rating from the Veterans Administration) in their workforce by job category and hiring location and on the total number of such veterans and the total number of all employees hired during the period covered by the report.

The reporting data will be analyzed and shared with State Job Service offices, enabling them to provide outreach and technical assistance to contractors, and with the Department of Labor's Office of Federal Contract Compliance Programs, assisting that agency in its enforcement of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. §2012) -- which requires government contractors and subcontractors to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era.

Overall, it is accurate to say that the Department is providing better services, more cost effectively, to veterans now than in the past and that veterans' unemployment has declined significantly.

Mr. Chairman, this concludes my prepared Statement. At this time I would be pleased to answer any questions that you or other Committee members may have.

STATEMENT OF
RONALD W. DRACH
NATIONAL EMPLOYMENT DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT
OF THE
HOUSE VETERANS AFFAIRS COMMITTEE
MAY 13, 1987

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than 1.1 million members of the Disabled American Veterans and its ladies Auxiliary, I am pleased to appear before you today to discuss employment and training programs administered by the Department of Labor that affect our nation's veterans, especially disabled veterans.

Mr. Chairman, I want to first take the opportunity to thank you and the other members of the Subcommittee, as well as the full Committee, for your long-standing support and interest in employment and training programs for our veterans. Without your efforts these programs would be virtually ineffective. It is through the initiatives of this Committee that we enjoy the level of services that are existent today. We also appreciate the continuing oversight exercised by this Subcommittee to assure that Congressional intent is indeed carried out.

S. 999

Mr. Chairman, as you are aware, the Senate Veterans Affairs Committee Chaired by Senator Alan Cranston, held a hearing on April 30, 1987 to review the provisions of Senate Bill 999. The DAV appeared at that hearing and provided testimony primarily in support of that proposed legislation. While I do not intend to repeat my entire testimony, I would like to offer insight into our position on S. 999.

* We support the provision that would require DVOP and LVER personnel to be functionally responsible to State and Assistant State Directors for Veterans Employment and Training.

* We support a requirement that LVER positions be established on a formula basis. Our preference would be for that formula to be based on a veteran population formula rather than one based on veterans registered for employment services.

* We believe in order to improve existing services and programs a requirement for LVERs to assure counseling services are provided under VJTA is necessary. An effective counseling effort would do much to reduce the high dropout rate in VJTA.

* We also strongly support a statutorily established uniformed performance standard for DVOP and LVER personnel. This is needed to assure national uniformity in how DVOP and LVERs perform their duties.

* We believe that Assistant State Directors and State Directors should have a role in the Annual Performance Rating of LVERs and DVOPs.

We would like to emphasize our commitment to and support of the codification of a National Veterans' Employment and Training Service Institute established to provide ongoing training to LVERs, DVOPs, as well as State and Assistant State Directors for Veterans' Employment and Training, "...and such other personnel involved in the provision of employment, job training, placement or related services."

The Disabled American Veterans has long advocated the need for a national training program for these individuals and one has been established, administratively, in Denver, Colorado.

Assistant Secretary of Labor Donald Shasteen is to be commended for his insight and action to fulfill that need. The codification of such a program is the next logical step in

assuring that existing personnel as well as future personnel have the opportunity to receive this much needed training.

Mr. Chairman, I have reviewed the curriculum used in Colorado. I have participated and spent several days at the Institute in Denver and am very pleased to report that the University of Colorado has done an outstanding job of pulling together resources and knowledgeable persons to set up this program.

Mr. Chairman, scores of LVERs, DVOPs, Office Managers and others have gone through the training program in Denver. I offer for your consideration a few select testimonials from people who have participated:

> The week I attended proved to be one of the most intense weeks I have had in a long time. After getting back to reality, I found that I had gained something from every presentation, even the ones that I had considered not useful. (DVOP)
>
> I must say that it was by far the most rewarding and enlightening training I have experienced in my job as a DVOP...I have had many training sessions put on by the state but none can match this. My only hope is that these sessions can be ongoing and updated as we progress into the future. (DVOP)
>
> It was not only enlightening, but definitely the best that I have ever attended. (LVER)
>
> The National Veterans' Training Institute Program was intense both intellectually and emotionally. It was by far one of the best training programs I have attended. (LVER)
>
> What a splendid training experience. (DVOP)
>
> The NVTI course was absolutely the most meaningful, impressive and enjoyable training I have every received. (LVER)
>
> I recently completed one of the most enlightening experiences of my career -- a

> training course which, by the time it was over, became a very personal, emotional, and fulfilling happening.
>
> I feel, because I am a supervisor, that management and supervision should be encouraged to attend this meeting. It was most informative from both the fellowship of the trainees and the instruction given. (ES Supervisor II)

Devolution

Mr. Chairman, I would like at this time to offer our views on the issue of "devolution." This would convey to the states the authority and responsibility to administer their own public employment service with little federal intervention or oversight. An analysis of the Administration's proposal compels us to oppose this effort. Although they are quick to point out that under any changes the statutory obligations to provide special services to veterans under Chapters 41 and 42 of Title 38 would still be carried out, we believe that the overall impact of this proposal would have such an impact on the system that Chapters 41 and 42 would become moot.

The Administration's proposal, among other things, provides:

* Federal and state roles would be carried out by the Secretary of Labor and the Governors, respectively through such vehicles as they elect.

* After 1990, states would assume responsibility for financing their own programs.

* The Wagner-Peyser Act would be amended to replace the specific establishment of a United States Employment Service, and a national system of public employment offices, with a general policy statement describing the purpose of the Act.

* No authorization of federal appropriations to provide grants to the

> states for the operation of public employment programs for program years commencing on or after July 1, 1990. If enacted in its present form, states would have broad flexibility in making certain decisions such as whether to charge a fee for a specific service, whether to refer a worker to an agency which may charge a fee, and whether to refer a worker for placement in a specific position.

Mr. Chairman, we are also concerned about the Administration's fallacious attempts to convince the general public of its intention to seek and consider public input into the future of the Job Service. In early June of 1986, I received a letter from Mr. Fred E. Ramorrow, Administrator, Office of Strategic Planning and Policy Development and Shirley V. Peterson, Administrator, Office of Employment Security which, stated in part, "This is to confirm your participation in the review of the Employment Service and to thank you for your willingness to share your expertise and your time as a member of the work group on Clients/Targeting for this review."

At the time of my acceptance I was under the impression that the review committee would have significant input into the process of making recommendations on the future status of the employment service system. I recognized that this participation would be advisory in nature.

However, nearly a year has gone by and this committee has never met nor have we offered any recommendations advisory or otherwise to the Department of Labor. It would appear then, that my "expertise" and time were not needed for what we view to be a very important review of the Job Service.

Additionally, in the fall of 1986, a series of public hearings was conducted seeking public input into the future of the Job Service and what should constitute a labor exchange system of the future.

We were advised prior to these public meetings that an opportunity would be given to review a summary of the comments received prior to any future action on the part of the Department of Labor. To date, we have not received a formal report through official channels nor have we been requested to provide further comment on this subject. However, an analysis of the public comments has appeared in the Federal Register.

The overwhelming majority of comments indicated that while the Job Service had problems, they were not severe enough to warrant a major overhaul of the system.

In spite of the public support for the existing system, the Administration appears to be ready to pursue the concept of "devolution." As indicated earlier, Mr. Chairman, the DAV finds itself in a position of opposition to the Administration's proposal. We believe the existing system can and should be made more responsive to the needs of our unemployed population including veterans and disabled veterans without this major step of "devolution."

If indeed the Administration were sincere in its efforts to have a meaningful labor exchange system, it would heed the many recommendations made by professionals in the field to correct the deficiencies and highlight the positive aspects of the existing system to make it responsive.

Mr. Chairman, this action by the Department of Labor brings to memory the hearing of July 16, 1986. Former Chairman Daschle requested information from the Department of Labor witnesses as to what their plans were for the future of the Job Service. The following response is from Mr. Roberts T. Jones, Assistant Secretary of Labor for Employment and Training.

> I don't know that there will be any changes at all. To this date, there are no proposals under formal or informal consideration. Nothing has been suggested.

Mr. Chairman, it wasn't too long after that a formal proposal was sent forward to Congress from the Administration as previously outlined. It seems incomprehensible to the DAV that such a far reaching, well thought out comprehensive restructuring of the Job Service was made in such a short period of time. This certainly raises serious questions as to the credibility of the aforementioned witness.

Dislocated Worker

Mr. Chairman, as you are probably aware, there are several bills pending designed to address the problem of the dislocated worker.

We have learned that approximately 26% of the dislocated worker population have veterans' status. On the other hand, veterans make up only about 14% of the labor force. Thus, they are displaced at a rate almost twice their incidence in the labor force.

We believe very strongly that unless pending legislation incorporates language that specifically mandates services to our nation's veterans, these veterans will not be served in direct proportion to their incidence in the dislocated population.

We expressed our concern to Secretary of Labor Brock in a February 17, 1987 letter. In that communication, we urged the Secretary to incorporate specific language in any administration proposed legislation that would identify veterans, especially disabled and Vietnam era veterans, as a high priority target population to be served. A response from the Secretary indicated that their proposal was submitted to Congress prior to receipt of my letter. The Secretary further

stated, "There are no specific target groups identified in the Worker Readjustment Assistant Program part of the legislation other than displaced workers.

I feel strongly that this program can serve all displaced workers in this country, including veterans. As I indicated in my remarks at the meeting of the Committee on Veterans' Employment, held January 15, 1987, I believe that veterans must be served and will be served through this program." (Emphasis added.)

Mr. Chairman, we believe very strongly that the Secretary's remarks are without substance. History has shown that unless veterans are specifically identified as a target group, they will not be served. This has been true in the Comprehensive Employment Training Act as well as the Job Training Partnership Act.

We were extremely disappointed in the Secretary's response. During the January 15, 1987 meeting, the Secretary was asked about incorporating veterans' language into the proposal. The Secretary was told that he must be very explicit in any proposal that veterans must be served and if its not in the proposal, veterans would not receive needed services. The Secretary responded by saying, "I don't see any problem with that." In response to further questioning about the creation of veteran specific programs, the Secretary responded, "I don't have any problem with language about veterans in there. But if its 26% of the constituency and that's what we calculate at least then I have no problem saying so."

Mr. Chairman, we have been told by other Department of Labor officials that the Secretary's statements are "subject to interpretation" as to what he really meant about incorporation of veteran specific language in any legislation to address the worker readjustment problem. This is exactly the type of

attitude that raises our concern over the lack of specific language. If indeed the provision of services to veterans is left to the "interpretation" of the service providers, then in all likelihood veterans will not receive the needed services.

We would request. Mr. Chairman, that in future deliberations of the issue of the dislocated worker, you will take the lead in assuring that veterans are included in any House language.

Federal Contractors

Mr. Chairman, I would like to conclude by mentioning that on March 4, 1987 the Department of Labor issued final regulations on the annual report from federal contractors.

I mention this for two reasons. One, it is very significant that the Department of Labor has accomplished this task. We believe proper review of the reports can be beneficial in providing employment opportunities for disabled and Vietnam veterans by federal contractors.

The other reason is to raise the issue of the Department of Labor's apparent disregard for legislative requirements. The legislation requiring this annual report was enacted by Public Law 97-306 in October of 1982. It took more than four years to issue final regulations on a rather simple legislative mandate.

That concludes my statement, Mr. Chairman. I will be happy to answer any questions.

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

GORDON R. THORSON, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

VETERANS EMPLOYMENT AND TRAINING PROGRAMS
IN THE DEPARTMENT OF LABOR

WASHINGTON, D. .C. MAY 13, 1987

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

The Veterans of Foreign Wars and its Ladies Auxiliary is made up of 2.7 million proud men and women and this testimony today represents their concerns. This Subcommittee is to be congratulated for its foresight in scheduling this hearing to review the effectiveness of employment and training programs that affect our nation's veterans.

We have been asked to address three main areas of concern—the effectiveness of the Job Training Partnership Act's (JTPA's) provision of services to veterans; the current effectiveness of programs under Chapter 41, Title 38, United States Code; and, finally, the consequences of the "devolvement" of the Employment Service (ES) on employment services for veterans.

The Veterans of Foreign Wars has repeatedly expressed concern over the lack of service provided veterans under the Job Training Partnership Act (see attached Resolution Number 630). Based on the information received from service providers and our own staff visits, the VFW is convinced that veterans

will not receive adequate services unless statutory and regulatory language specifically addressing veterans is included in Public Law 97-300, the Job Training Partnership Act. Including such language could only serve to upgrade the JTPA and allow a more responsible approach to serving veterans who now make up 26 percent of this nation's dislocated workers. After reviewing the Bureau of Labor Statistics Dislocated Worker Data Release, in January of 1986, it became apparent that veterans of the Vietnam and Korean eras continue to endure excessively high unemployment rates of 15.4 percent and 19.5 percent respectfully. Even more significant is the number of Korean-era veterans who have dropped out of the labor force, this number has increased from 6.5 percent in January of 1984 to 18.9 percent by January of 1986. A special survey conducted by the Bureau of Labor Statistics indicates that those veterans who served in the Vietnam theaters, and most particularly those who received disabling injuries from combat and other causes, have higher unemployment rates and lower labor force participation rates than their peers. These veterans are now at their prime working age and should be much more productive.

The leadership of our organization has made numerous attempts to pursuade the Secretary of Labor to become more responsive to the needs of veterans. It has been suggested that Sections 2002 and 2009 of Title 38, United States Code should contain provisions that would allow the Assistant Secretary for Veterans Employment and Training (ASVET) the authority to promulgate and administer policies and regulations to provide veterans with maximum employment and training opportunities with Titles II A and III of JTPA. Our staff has requested in writing that the Employment and Training Administration include reporting criteria in JTPA titles that would clearly reflect veteran participation in programs authorized in accordance with Title II A and Title

III. No action has been taken on our requests.

In February of 1986 our leadership again wrote the Secretary of Labor when, after reviewing the Department of Labor's budget, it was discovered that veterans' programs funded in accordance with Title IV C of JTPA had been targeted for a proposed rescission. We also stated that "A significant number of veterans returned from military service and began a career in manufacturing occupations; and subsequently, as a result of foreign competition, have become displaced workers. These aging veterans have limited education and training. This is an impediment to their ability to compete in today's job market."

The Secretary of Labor responded by stating, "It is reasonable to expect that veteran participation in Title III will be maintained at about the same proportion of total enrollment experienced up to this point." The Secretary further stated, "The legislation establishes eligibility parameters for Title III, but allows each state to establish procedures to identify dislocated workers and further define eligibility. Further, the legislation intends that the states have flexibility in targeting the resources in accordance with the needs identified in each state. Therefore, I feel a regulatory requirement which would limit the flexibility given to the state in this regard would not be supportive of the legislative intent." But these weakly defined eligibility parameters result in the individual states becoming the key element in identifying and providing services to veterans. In response to this apparent indifference, VFW Commander-in-Chief Norman G. Staab wrote to the Secretary of Labor, "I am most concerned that you have turned a cold shoulder to our nation's veterans, and that your staff is operating behind a facade of cooperation, while in effect ignoring our country's veterans."

When the Secretary of Labor passes veterans' employment and training responsiblity to the states--veterans suffer. The states view veterans as a

federal responsibility and many of the state employment people believe that the Veterans Administration already provides the employment and training services veterans require. So around we go with few people realizing the Department of Labor should be providing preferential employment and training services to veterans. The Assistant Secretary of Veterans Employment and Training has the primary responsibility of advising the Secretary of Labor concerning the employment and training needs of veterans. The VFW has written to the Assistant Secretary, Employment and Training Administration recommending he sensitize his agency concerning the employment and training needs of veterans and exert greater effort to coordinate his agency's activities with those of the ASVET.

Title IV F, Sections 471 and 472 establish a National Commission for Employment Policy, which has the responsibility for examining broad issues of development, administration, coordination of employment and training programs, and for advising the President and the Congress on national employment and training issues. This commission is to be comprised of individuals who are "nationally prominent, and the commission shall be broadly representative of agriculture, business, labor, commerce, education, veterans, current state and local elected officials..." According to the Commission's Director, Mr. Scott W. Gordon, "At the present time there is no one commissioner who represents the interest of veterans on the commission; although, several members have served in the armed forces." The Veterans of Foreign Wars is concerned that the veteran's community is not receiving adequate representation at the policy development levels and that our employment and training needs are not being adequately addressed by the administration.

The Veterans of Foreign Wars is of the opinion that Chapter 41, Title 38, United States Code, would be improved by making the following changes:

- Disabled Veterans Outreach Program (DVOP) Specialists should be responsible to the State Director of Veterans Employment and Training (SDVET) and to the Assistant State Director of Veterans Employment and Training (ASDVET).
- Full-time Local Veterans Employment Representatives (LVERs) should be placed in each Employment Service Office by law. (See attached VFW Resolution Number 679.)
- LVERs should be required to be veterans.
- The position of Regional Director of the Veterans Employment and Training Service should be mandated in Chapter 41 and authorized by law. (See attached VFW Resolution Number 730.)
- The permanent establishment of a National Veterans Employment and Training Service Institute (NVETSI) with funding established as a separate line item within the ASVET annual budget.
- We support introducing the case-manager approach to give program participants the much needed support gained through a close monitoring of their counseling needs.
- We suggest that the current Schedule C Deputy Assistant Secretary for Veterans Employment and Training (DASVET) should be changed to a career Senior Executive Service (SES) position; thus, helping to ensure program continuity.
- The Secretary of Labor's Veterans Employment Committee should be expanded to include the Department of Education, the Employment and Training Administration and the Department of Labor.
- The ASVET needs to be clearly identified as the principal veteran's

advocate for employment with direct involvement in the planning for the provision of services to veterans in programs including JTPA or any other such program administered by the Department of Labor.

- Adequate funding should be provided to ensure that the JTPA program continue through 1992.

The Veterans of Foreign Wars passed the attached Resolution Number 634 that supports and further outlines our position.

The Veterans of Foreigns Wars recognizes that the adequate provision of veterans' employment services are unquestionably affiliated with the fortunes of the nation's Employment Service. At present, each state interprets and implements federal responsibility for veterans' priority of referral differently. We have been informed that there will never be consistency of application of veterans' priority of referral throughout the Employment Service. We envision that the so-called administrative reform known as devolution will further compound the problem of ensuring that veterans receive effective quality service and may lead to a general dismantling of the State Employment Service System.

The veteran is a special breed for which the Congress has a special charge and responsibility. We are most concerned that this Administration is becoming anti-veteran and that there is a tendency on the part of some, both in and out of the government, to erode away veteran's benefits now that our nation is not at war. John F. Kennedy said, "Anyone who is honestly seeking a job and cannot find it deserves the attention of the United States government and the people." Well, we now have veterans desperately seeking employment--but to no avail. They certainly deserve government attention.

The Congress of the United States has declared its intent for effective employment services to veterans through existing, combined and new programs;

and this requires vigorous implementation of policy and programs for veterans by the Secretary of Labor. Special staff has been attached to the Public Employment Service System to deal with all federal and state funded employment and training programs. Specific standards have been set up for Public Employment Service Systems giving veterans preference over nonveterans.

Giving priority of services to veterans is not a subject of debate. We are concerned that the Employment Service, under administrative reform or devolution, will become administratively unresponsive to the needs of veterans if some degree of federal control over the Employment Service is not maintained.

The Veterans of Foreign Wars is committed to an effective and efficient nationally linked system of public employment offices free from discrimination where applicants can find jobs and employers can find workers. We believe the federal/state partnership is the best arrangement for administering a national employment/job service system. If functions are clearly defined and adequate funding provided, the system can direct its attention to the mission of matching worker's skills with employer's needs. A coordinated nationwide public labor exchange is essential to the economic well-being of this nation.

We cannot be content with the status quo. It is the position of the Veterans of Foreign Wars that the role of the Job Service needs to be refocused. The Job Service should principlely continue to provide a no fee, single source, nationwide labor exchange to all job seekers and employers, with priority of services to veterans. All other functions and responsibilities which detract from this fundamental mission of the Job Service should be deleted.

Resolution No. 630

JOB TRAINING PARTNERSHIP ACT (JTPA)

WHEREAS, Public Law 97-300 was enacted to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to economically disadvantaged individuals and others facing serious employment barriers; and

WHEREAS, Titles IIA and III of JTPA do not provide for Veterans' Preference in the provision of authorized services and there is no vehicle for accountability of services provided to veterans; and

WHEREAS, an amount equal to not more than five percent of the total amount appropriated pursuant to Section 3 (a)(2) shall be available for veterans' employment program, (Title IVC JTPA); and

WHEREAS, the programs supported by this law are essential to meeting the employment and training needs of veterans; now, therefore

BE IT RESOLVED, by the 87th National Convention of the Veterans of Foreign Wars of the United States, that we petition the Congress of the United States to enact legislation to provide for preferential provision of services to veterans in all programs authorized by JTPA in proportion to their incidence of the population, and that a reporting system to determine veterans' participation in these programs be developed and the Assistant Secretary for Veterans' Employment and Training (ASVET) be responsible for the monitoring and enforcement of all JTPA services provided to veterans; and

BE IT FURTHER RESOLVED, that we support legislation to increase the total amount appropriated to veterans' employment programs Title IVC JTPA to be not less than 20 percent of the total amount appropriated pursuant to Section 3(a)(2) Public Law 97-300; and

BE IT FURTHER RESOLVED, that we hereby strenuously oppose any and all attempts to weaken or eliminate funding for veterans' employment programs authorized in accordance with the Job Training Partnership Act, and we request the Congress of the United States to enact legislation to change Section 102 (a)(2) to include the appointment of an active member of a chartered veterans' organization to the private industrial council.

Adopted by the 87th National Convention of the Veterans of Foreign Wars of the United States, held in Minneapolis, Minnesota, August 15-22, 1986.

Resolution No. 630

Resolution No. 634

VETERANS' JOB TRAINING ACT

WHEREAS, the Emergency Veterans' Job Training Act (Public Law 98-77) was enacted to address the problem of severe and continuing unemployment among Korean and Vietnam era veterans, and Public Law 99-238 was enacted to extend and enhance this important Veterans' Employment and Training Program; and

WHEREAS, veterans of the Vietnam and Korean eras continue to endure high unemployment and experience difficulties in obtaining meaningful employment; now, therefore

BE IT RESOLVED, by the 87th National Convention of the Veterans of Foreign Wars of the United States, that we request the Congress of the United States to:

1. Extend the Veterans' Job Training Act initial applications and training deadlines until November 30, 1991 and December 31, 1991, respectively.
2. Change veterans' eligibility, reducing the period of unemployment from 10 of the preceding 15 weeks to 5 of the preceding weeks.
3. That adequate funding be authorized and appropriated to the Veterans Administration and that these funds remain available through December 31, 1992.
4. That out of the total appropriation, administrative funds be allocated for the purpose of conducting outreach to promote awareness of the veteran and the employer communities.
5. Enact legislation to include within Veterans' Job Training Act provision for vocational education programs to be provided through December 31, 1991.

Adopted by the 87th National Convention of the Veterans of Foreign Wars of the United States, held in Minneapolis, Minnesota, August 15-22, 1986.

Resolution No. 634

Resolution No. 679

LOCAL VETERANS EMPLOYMENT REPRESENTATIVES (LVERS)

WHEREAS, Section 2004, Chapter 41, of Title 38 United States Code, which in part describes the qualifications of the Local Office Employment Representative reads "--- preferably an eligible veteran," thus making it possible for a nonveteran to fill this strictly veteran related position; and

WHEREAS, the current ASVET policy causes continual fluctuations in the number of LVER positions and has adversely impacted upon the employment services provided to veterans; now, therefore

BE IT RESOLVED, by the 87th National Convention of the Veterans of Foreign Wars of the United States, that we seek to change Section 2004, Chapter 41 of Title 38 United States Code, by deleting the phrase "preferably an eligible veteran" and substituting the phrase "must be an eligible veteran" in its place; and

BE IT FURTHER RESOLVED, that we seek legislation to change Section 2004, Chapter 41, Title 38 United States Code to support the assignment of full-time LVERS based upon the local office area population of 6000 veterans and/or 1000 new and renewal veteran applications each program year in order to provide a stable staffing level for their positions.

Adopted by the 87th National Convention of the Veterans of Foreign Wars of the United States, held in Minneapolis, Minnesota, August 15-22, 1986.

Resolution No. 679

Resolution No. 730

ESTABLISHMENT OF REGIONAL DIRECTORS FOR VETS

WHEREAS, the Congress of the United States enacted legislation providing for a Veterans' Employment and Training Service within the U.S. Department of Labor; and

WHEREAS, Chapter 41, Title 38, U.S. Code, provides that the VETS shall be responsible for job training, counseling and placement service for veterans to be administered by an Assistant Secretary of Labor for VETS; and

WHEREAS, the Regional Veterans' Employment Representatives have been appointed, although not authorized by law, to supervise the State Directors and Assistant State Directors for the VETS in their respective regions in serving veterans; and

WHEREAS, the Regional Veterans Employment Representative, with secretarial assistance, provide a most necessary service in carrying out the mandates of Congress to serve veterans; now, therefore

BE IT RESOLVED, by the 87th National Convention of the Veterans of Foreign Wars of the United States, that we go on record petitioning the Congress of the United States to enact legislation to amend Chapter 41, Title 38, U.S. Code, to establish the Regional VETS Representative by law.

Adopted by the 87th National Convention of the Veterans of Foreign Wars of the United States, held in Minneapolis, Minnesota, August 15-22, 1986.

Resolution No. 730

Vietnam Veterans of America, Inc.
2001 S St., NW
Suite 700
Washington, DC 20009-1125

(202) 332-2700

STATEMENT

of

RICHARD F. WEIDMAN

Director of Government Relations

VIETNAM VETERANS OF AMERICA

before
the

SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT

COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

MAY 13, 1987

Mr. Chairman, Vietnam Veterans of America appreciates the opportunity to appear here today, to present our views on employment and training programs in the Department of Labor that affect veterans, particularly Vietnam theatre and disabled veterans. As you know, it is the substantiated view of Vietnam Veterans of America that the opportunity to obtain meaningful employment is a vital aspect of readjustment counseling. Lack of a job, or a realistic expectation of being able to obtain meaningful work is the most cited catalyst in acute phases of Post Traumatic Stress Disorder. Employment difficulties are the most cited predominant problem first noted by veterans who come (typically with multiple problems) to VA Vet Centers for assistance. The lack of a consistent serious Federal program for employment, that is coordinated with complementary VA efforts, has exacerbated problems that were already serious in nature. The response must be a Federal one, as states and municipalities rightly point out that they sent no one into battle. Their reasoning is that veterans are a Federal responsibility, not a state or local one. Therefore, unless veterans are specifically "written in" to employment and training legislation by the Congress, veterans are specifically "read out" of programs at the service delivery level, even if any such efforts manage to survive the same bias at the Employment and Training Administration and the Office of Management and Budget. Given the record of inconsistent efforts and non-delivery of services to veterans, particularly Vietnam

Theatre and special disabled ("the service connected" disabled) veterans over the last twenty years, it is not micro-management to write in careful stipulations to every possible point of the United States Code affecting employment and training programs that would ensure that the special needs of he or she who has been lessened in some way by military service are recognized and properly met.

You asked VVA to comment on the current effectiveness of programs contained in Chapter 41, Title 38, United States Code. Three major weaknesses in Chapter 41 have become apparent in recent years, that need to be explicitly corrected. The first is the lack of statutory definition of the purpose duties, and particularly the lack of a mandated formula for the number of Local Veterans Employment Representatives (LVER) that is based on population of veterans and/or number of veterans served. This has left the LVER program vulnerable to arbitrary cuts. VVA suggests a formula similar to that currently employed for Disabled Veteran Outreach Program Specialists (DVOPS).

The second aspect is the question of adequate authority and accountability of personnel funded by the U.S. Department of Labor for performance of duties serving veterans at the service delivery level. Essentially the Assistant Secretary of Labor has not had adequate control over DVOPs and LVERs, who are the ones who actually deliver a major part of the services mandated under this Title. This means that the Assistant Secretary of Labor for Veterans Employment and Training (ASVET) has not had

sufficient authority as to be commensurate with ASVET responsibilities. What is needed is to give Veterans Employment and Training Service (VETS) personnel functional control and monitoring of performance evaluation of DVOPs and LVERs by means of standards developed by the Secretary of Labor. VVA would point out that this strengthening of the authority, as well as of the elements and standards attached to federal funding of these programs, will only be effective if in fact there is genuine commitment on the part of the Secretary of Labor to hold states accountable for ensuring that DVOP and LVER personnel are properly trained, supported, and allowed to do their jobs. Specifically we are referring to our belief that many of these personnel have not been adequately trained and are not supported properly by the Employment Service within which they work. Further, VVA still receives complaints from DVOPs and LVERs that they are forced to spend time dealing with non-veteran clients and/or non-veteran related functions. More effective monitoring and evaluation of the actual time spent performing specific tasks is needed. More determination to use the management tools by DoL is also needed.

The third major weakness in Chapter 41 is that it does not address the fact that while training for an individual is often needed before he or she can be placed, the Secretary of Labor and VETS have no authority or specific responsibility to ensure that the training needs of Combat Theatre or special disbaled veterans are met by Department of Labor (DoL) administered on

DoL funded training programs. To meet this need, Vietnam Veterans of America would suggest that you consider adding a provision as part (a)(5) under Section 2009 of Chapter 41 to the effect that "the Secretary shall:

"5. ensure that the special needs of combat theatre and disabled veterans are fully addressed by all training programs administered by, or funded by the U.S. Department of Labor, and that elements and standards be promulgated for all such programs to ensure and monitor compliance with the provision."

One of the major difficulties with the current structure is, as noted above, that unless veterans are specifically "written in" to legislation at the Federal level, veterans are specifically "read out" of employmnent and training programs at the state and local level. This is particularly true in regard to training programs such as the Job Training Partnership Act (JTPA), at least in the major titles. The above suggested provision, (or one akin to it) would clarify that it is the express intent of the Congress that veterans be fully and properly served, particularly those combat theatre and disabled veterans with special needs. This would be one step toward ensuring that the word "Training" in the name of the "Veterans Employment and Training Service" is not merely lip service, but something that is meaningful in terms of actual assistance afforded to the veteran who needs such help.

VVA is extremely supportive of a provision that would legitimize the existence of the "National Veterans Training

Institute" (NVTI) (Alternatively titled "National Veteran Employment and Training Service Institute', or NVETSI). The creation of NVTI is one of the most important developments for veterans at the Department of Labor in the past ten years. VVA suggests that you consider going even further with this provision to mandate that NVTI be funded at a level adequate to maintain current levels of activity while expanding the training programs offered as would be appropriate to train all U.S. DoL funded personnel in their special responsibilities toward veterans, particularly special (i.e. service connected) disabled veterans. It should be noted that over half of the services provided by the State Employment Services (S.E.S.) to veterans are provided by personnel other than DVOPs and LVERs. It is worth remembering that the DVOP and LVER programs were created to assist the State Employment Services in doing a better job of meeting the needs of veterans, not to bear the entire brunt of the task. Therefore, NVTI training for DVOPs, LVERs and VETS personnel, as crucial as it is, only meets part of the need. Training "packages" that can be delivered to S.E.S. personnel in a given state is the next logical step of assisting people in understanding their job in regard to veterans and how to accomplish that job more effectively.

VVA urges the Committee to examine the possibility of requiring the Secretary of Labor and the Veterans Administrator to report on a regular and recurring basis to the Congress with a specific and thorough performance evaluation of cooperation

and coordination efforts between the two agencies. It is clear that the "Interagency Working Agreement" signed in the summer of 1984 has not achieved the level of desirable coordination between VA and VETS personnel at either the national, regional, or local level. As you are aware, Mr. Chairman, significant employment problems are reported by almost half of the veterans seeking help from Vet Centers, operated by the Readjustment Counseling Service of the Veterans Administration. The inter-related nature of employment problems and readjustment counseling seems to be well established to any who will take the time to consider this area of concern. VA and DoL can and must do a better job of working together at every level.

VVA would further suggest to the Committee that you consider mandating the positions of "Regional Directors of Veterans Employment and Training." The duties of the RDVETS would be to oversee, on a regional basis, all U.S. Department of Labor administered and U.S. DoL funded programs. As long as this is not a statutorily mandated position, the positions of RDVETs will be in constant jeopardy of elimination as ostensible "cost savings" measures. In fact, the RDVETS are a key link in the chain of command for the Assistant Secretary of Labor. Without effective presence at the Regional Office level it is unlikely that the concerns of veterans will be considered properly by the "Employment and Training Administration," among other programs administered under the U.S. Department of Labor. As you are aware, there were RDVETS in each of the ten U.S. DoL

Regional Offices at the begining of this Administration. That number has since been reduced from ten to seven, and is subject to further cuts as the situation now stands. We urge that the Committee move to ensure that these key links in an effective Veterans Employment and Training Service be preserved, by law.

The Bureau of Labor Statistics, U.S. Department of Labor, published a study of Vietnam theatre and service connected disabled veterans on March 31, 1986. That study documented what many in the veterans community had been maintaining for years in that it found that Vietnam theatre veterans and service connected disabled veterans were much less likely to participate in the labor force, and much more likely to be unemployed if they were still in the labor force. Producing similar data on a regular and recurrent basis, on at least an annual if not a semi-annual basis, was unanimously recommended by the Secretary of Labor's Committee on Veterans Employment at the regular quarterly meeting of January 15, 1987. VVA respectfully suggests that a part (d) be added to Section 2007 to the effect that:

"The Secretary of Labor shall cause the Bureau of Labor Statistics to regularly gather information on labor force participation and employment rates among special disabled veterans and veterans who served in the Vietnam theatre of operations. The Secretary shall report to the Congress annually all such information, and shall consider such information in formulation of legislative recommendations as well as

administrative initiatives within the parameters of other subsections of this Title."

VVA would further urge the Committee to favorably consider what is known as the "residency requirement" for persons applying for State Director of Veterans Employment and Training (SDVETS) positions. This requirement is contained in Section 2003, part (b)(1)(A) of Chapter 41. VVA would suggest simple deletion of the words "who at the time of appointment has been a bona fide resident of the State for at least two years." Mr. Chairman, much progress has been made by the Veterans Employment and Training Service (VETS) in recent years to professionalize the agency. More and better training of VETS personnel has been instituted. The VETS is now in the process of implementing a solid management by stated objectives system that should serve to further rationalize and improve the system. However, the anachronism of the residency requirement may in fact be a vestige of what some have charged in the past was a semi-patronage system. In any case, VVA strongly urges the Committee to either eliminate it altogether or modify it so as to allow ASDVETS from other states to apply for vacant SDVETS positions.

In regard to Section 2009, part (b) of Chapter 41 of Title 38, the Secretary of Labor is required, pursuant to Public Law 97-306, to submit an annual report detailing the effectiveness of all Department of Labor programs in meeting the goals of each

subsection as defined in the legislation. If such a detailed report has been submitted, it seems to have escaped the notice of those of us in the veterans service organizations who are interested in these issues. Of particular interest is the mandate for "such recommendations for further legislative action relating to veterans employment as the Secretary considers appropriate." To our knowledge this Administration has yet to propose any legislation in regard to meeting the special employment and training needs of Vietnam theatre and service connected disabled veterans, or of veterans in general.

Mr. Chairman, you asked that we comment on the various "devolvement" proposals that are designed to decentralize even more than currently the confederation of services known as the United States Employment Service. Early this year the current Administration advanced a proposal to transfer the FUTA tax authority back to the states, and to basically let each state decide what level of taxation and sevices to put into place. The only major exception to this abrogation of any Federal role or responsibility would be for veterans. An "alternative" to this proposal has been formulated by Chambers Associates. This latter proposal is known as the "Equity in Employment Security Financing Act", and professes to being a method of achieving better accountability for compliance with elements and standards put forth by the Secretary of Labor pursuant to Congressional intent.

The difficulty that VVA has with both proposals is the one noted at the begining of this statement. That problem is that timely and effective delivery of employment assistance and training services are an in extricable and essential element of readjustment counseling. However, veterans are perceived to be a federal responsibility, not a state or local responsibility. Unless veterans are specifically "written in" to employment and training programs at the Federal level, they are specifically "read out" at the state and local level. If the system becomes even more decentralized, it is VVA's belief that veterans will almost automatically be losers. The veterans community has learned from hard experience just how much faith we can place in the professed good faith and intentions toward Vietnam and disabled veterans on the part of state and local entities. The Bureau of Labor Statistics Special survey of Vienam Theatre and Disabled veterans, almost speaks for itself in the findings that Vietnam Theatre veterans are 20% more likely to be unemployed than their peers, and that service connected disabled veterans were 80% more likely to be unemployed than their ERA peers. The point is that unemployment and underemployment are critical problems among Vietnam Theatre and service disabled veterans. Many (note the survey findings) have dropped out altogether, giving new meaning and definition to the term "discouraged worker". In fact, this is a critical set of problems among those "who have borne the battle" that has now become a chronic problem as well.

Frankly, VVA is inclined to dismiss the Administrations proposal out of hand, as it does damage to all of the persons whom the current system is designed to serve. It has been characterized as a way for the Federal government to walk away from its responsibilities to the nations unemployed.

The Chambers Associates proposal is more problematic, in that it is not a clear abrogation of Federal responsibility in this area, although it transfers a great deal of power and control to the states that currently is at least ostensibly in the hands of the U.S. Department of Labor. We are finally on the cusp of having detailed performance standards for veterans that are akin to those for other program and target groups, and this proposal would render those efforts toward greater accountability in this area moot. There has been a great deal of lip service about guarantees for veterans program compliance that possibly will be written in to the draft of this act, but VVA has yet to see anything that would answer our basic problem. Namely, that problem is that veterans are perceived as being a Federal problem, and should somehow be addressed at the Federal level. However, all of the actual service delivery is done at the state and local level, which do not note a special responsibility. Therefore, the Chambers Associates proposal, like the Administration's proposal, is basically one that would move in the wrong direction to meet the needs of Vietnam Theatre and disabled veterans in regard to employment and training.

Finally, in regard to the Job Training Partnership Act

(JTPA) and other Department of Labor (DoL) administered and DoL funded training programs, VVA is convinced that veterans must be specifically "written in" to virtually every title, with elements and standards that are enforced by the Secretary of Labor to ensure that the special needs of Combat Theatre and disabled veterans are met fully and properly in each program. What typically happens is that any consideration of the special needs of veterans is relegated to Title IV-C of the JTPA, which is a very minimally funded programs. It is almost reminiscent of the "Comprehensive Employment and Training Act" (CETA) in the 1970's, where CETA personnel did not want to (or know how to) deal with Vietnam and disabled veterans, so they by and large did not do so. The needs of the current chronic problem were sown then.

Mr. Chairman, Vietnam Veterans of America calls upon you and this distinguished Committee to both amend Chapter 41 to make it clear that the Secretary of Labor has the duty, responsibility, and authority to ensure proper adherence to elements and standards are complied with in all DoL administered funded training programs. Further, VVA respectfully calls upon you to exercise all necessary assertive leadership and advocacy with your distinguished colleagues on the Committee on Education and Labor to ensure that veterans are explicitly "written in" to all legislation that authorizes employment and training programs. Each of these measures, in and of itself, will not "fix the problem", which is of long duration and involves ingrained societal attitudes and prejudices, as well as lack of clear statutory mandate. However, you can make a real start through the means outlined above.

Mr. Chairman, thank you for allowing the Vietnam Veterans of America to present our views here today. VVA is appreciative of your strong leadership on these vital veteran issues.

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment and Training
Washington, D.C. 20210

JUN 22 1987

JUN 18 1987

The Honorable Wayne Dowdy
Chairman
Subcommittee on Education,
Training and Employment
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of May 21 requesting that the Veterans' Employment and Training Service (VETS) respond to questions submitted by members of the Subcommittee on Education, Training and Employment. These questions relate to the May 13 hearing regarding veterans' employment programs administered by the Department of Labor.

The Committee's questions and our responses are enclosed in the format you requested.

Sincerely,

G. B. Prince, Jr.

G. B. PRINCE, JR.
Deputy Assistant Secretary

Enclosures

QUESTION: 1. On November 20, 1985, the Assistant Secretary of Labor for Veterans' Employment and Training published a memo regarding goals, milestones, and objectives for the Veterans' Employment and Training Service in support of Secretary Brock's management system. Although this question was discussed during the hearing, I would appreciate it if you would provide me with a more detailed response to the following questions.

A. What has been done to achieve these goals?

ANSWER: 1A. The Veterans' Employment Training Service (VETS) developed the following two goals in support of Secretary Brock's management system:

a. Improve (1) outreach/placement services for veterans and (2) employers' knowledge of sources for recruiting veterans; and

b. Establish linkages between JTPA and other Federal programs at the Federal, State and local levels.

These goals were assigned to project managers who developed and implemented the plans necessary to effectuate the successful achievement of the goals. (See enclosure)

QUESTION: 1B. Which of these goals has not been fulfilled?

ANSWER: 1B. There are a number of milestones associated with each goal to be accomplished and they extend over a two year period. Some of the milestones have been completed (see enclosure) while others are still in progress. We do not anticipate any problems in achieving the remaining tasks within the established timeframes.

QUESTION: 1C. What additional resources do you need to fulfill these goals, milestones, and objectives?

ANSWER: 1C. VETS has sufficient resources to achieve the two goals.

QUESTION: 1D. Please provide a copy of the orignial memorandum and any subsequent related documents.

ANSWER: 1D. We have enclosed a copy of the originial memorandum and subsequent related documents.

QUESTION: 2. Section 2009(b) of Title 38 requires the Secretary of Labor to submit to this committee, no later than February 1 of each year, a report of the operation of national programs. The report is to include an evaluation of the effectiveness of such programs during the preceeding fiscal year and the efficiency with which services were provided to veterans.

Additionally, this provision calls for recommendations for further legislative action relating to veterans employment as the Secretary considers appropriate. What proposals have been made by the Secretary this year and what in your report justifies these proposals? What proposals has the Secretary made since the requirement for this report was established under Public Law 97-306?

ANSWER: 2. The Secretary did not submit any recommendations for legislative action relating to national veterans employment program this year or in previous years.

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JUN 22 1987

The Honorable Wayne Dowdy
Chairman, Subcommittee on Education,
Training and Employment
Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed please find my responses to the questions sent in your letter of May 21 in followup to my testimony before the Subcommittee on May 13. Please note that my staff is reviewing the proposal developed by the Vietnam Veterans Leadership Program (item number 8 in your May 21 letter). Our assessment of the proposal will be transmitted to you separately in the near future.

I wish to express my appreciation for the opportunity to appear before the Subcommittee to discuss veterans' employment and training programs.

Sincerely,

ROBERTS T. JONES
Deputy Assistant Secretary of Labor

Enclosure

Questions from the House Subcommittee
on Education, Training and Employment in Followup to
Deputy Assistant Secretary Roberts T. Jones' Testimony
of May 13, 1987, on Veterans' Employment Programs

Question #1: Under devolution, how would the DVOP's and LVER's fit into the decentralized systems? For example, under your proposal, could a state turn over its employment system to private employment agencies? If so, how would the DVOP's and LVER's function?

Answer: The Administration's proposal maintains the integrity of those responsibilities that are currently funded under separate, cost reimbursable agreements with the States, including the DVOP and LVER programs. The approach to managing these types of activities with the States would not change.

The proposal would provide each State through the Governor or the Governor's designee the flexibility to design and administer a public employment service program in a manner which best addresses the needs of the State and local labor markets. This flexibility would provide an opportunity for a State to utilize contractual arrangements with non-State or private entities to provide specific employment services. However, such arrangements would not affect the activities separately funded and negotiated under cost-reimbursable agreements. These activities would be carried out under the terms of these separate agreements. Thus, the number of DVOP and LVER positions, the functions of the positions, where they are assigned to work, and the offices within which they work are and will be managed through the separate agreements with the States.

Question #2: In your testimony, you mentioned the meetings held around the country to discuss the needs of the Employment Service. You indicated that DOL's proposal is based on these comments.

As I understand it, the consensus of those public forums was that the current employment service needs some improvement but it should not be eliminated or dismantled. If this is correct, how can you say your proposal is based on the findings of these forums?

Answer: Ninety-eight percent of the respondents commenting on the purpose and role of the employment service stated that they believed a public labor exchange is necessary. Our proposal neither eliminates nor dismantles the employment service. Rather, it mandates that each State provide sufficient resources to deliver public employment services on a statewide basis. This provision is tied to the employer Federal tax offset credit under the Federal Unemployment Tax Act. We believe our proposal will improve public employment services, increase the number of applicants and employers served, and make the employment service more responsive to the local labor market. States will still be required to carry out Federal requirements such as providing services to veterans.

Question #3: DOL statistics indicate that, although veterans represent 14 percent of the work force, 26 percent of dislocated workers are veterans. In view of this alarming statistic, during recent floor debate of H.R. 3, which contains the worker readjustment proposal, the Chairman of the Education and Labor Committee, Mr. Hawkins, and I engaged in an exchange regarding the Secretary of Labor's statutory responsibilities to veterans under Chapter 41.

Mr. Hawkins affirmed that, and I quote, "it is the intent of the Education and Labor Committee that the Secretary of Labor carry out his statutorily mandated responsibilities to veterans as they relate to the worker readjustment program and the other appropriate provisions of legislation."

Mr. Jones, do we have the Department of Labor's assurance that, should worker readjustment legislation be enacted, the Assistant Secretary of Labor for Veterans' Employment and Training shall have a major role in the formulation and implementation of the Worker Readjustment Assistance Program?

Answer: You have my assurance that, should worker readjustment legislation be enacted, we will consult and work with the Office of the Assistant Secretary of Labor for Veterans' Employment and Training, regarding the formulation and implementation of the Worker Readjustment program.

Question #4: When the Wagner-Peyser Act was amended in 1982, as part of the development of the Job Training Partnership Act, it created a most flexible piece of legislation. States can design a mix of services for each local labor market, as permitted by Section 7(a) of the Wagner-Peyser Act.

If, as you say, there is a need for the ES system to "refocus" its activities in support of such services as assessment and counseling, why then is new legislation needed to accomplish this when the states have the authority to "refocus" under the existing statute?

Answer: While the 1982 amendments to the Wagner-Peyser Act provided much flexibility, they did not address many of the critical elements of our present proposal to refocus the employment service--in particular, the enhanced role of the business community in the review and evaluation process, the strengthened role of State Governors in the design and administration of the ES, the additional flexibility in providing a diversity of services, and the multitude of options afforded to States for financing the level and type of services.

Question #5: Your legislative proposal for the Employment Service eliminates the United States Employment Service. If, as you stated in your testimony and in response to questions at our recent hearing, the Federal Government will maintain its responsibilities in support of the State Employment Services, how will you organizationally and operationally carry this out? I am referring specifically to the following major activities which could only be administered by the Federal Government as opposed to individual state initiatives: Interstate Job Bank System, Maintenance of the Dictionary of Occupational Titles, Occupational Analysis Field Centers, Test Development and Research.

Answer: While our proposal would eliminate the Federal organizational unit called the United States Employment Service, it does not lessen the responsibility of the Department of Labor to administer these and other special responsibilities of the Secretary of Labor. The proposal merely provides the Department with the flexibility to organize and administer these functions effectively and, at the same time, achieve efficiencies in how staff responsibilities are assigned.

Question #6: You made a point in your testimony that the Employment Service must respond to the needs of the labor market and particularly the private sector. In this regard, it is our understanding that the joint planning provisions of the Wagner-Peyser Act (mandating direct involvement by Private Industry Councils and local elected officials in the development of each local ES plan) were designed to address this very issue that you state is another reason supporting your ES legislative proposal. Can you again clarify the need for legislation to address this issue, when the current statute deals with this area directly.

Answer: The current statute provides that the Private Industry Councils and local elected officials, along with the employment service, jointly develop local employment service plans. Our proposal enhances the involvement of the Councils by providing that they review and evaluate the delivery of public employment services for the purpose of providing policy guidance with respect to local labor market conditions and needs. In essence, the current law provides that the PICs are to be involved in the planning of employment service activities. Our proposal provides for involvement after implementation in providing feedback on the effectiveness of the delivery of services. We strongly believe that the quality of public employment services would be increased significantly by increasing the involvement of the business community in this manner. Further, the role of the State Job Training Coordinating Council (SJTCC) would be expanded in a similar manner.

Question #7: Your legislative proposal for the Employment Service System would eliminate the current statutory requirement for a "national system of public employment offices." Instead, the mandate on the states would be to maintain "employment services." In essence, the states could design very different delivery mechanisms for employment services; not only different from state to state, but also within each state. And the number of delivery configurations could be in the hundreds.

Under such proposed legislation, therefore, how can the Department of Labor ensure that veterans services under 38 USC 41 will be carried out in concert with the law? In this regard, will the Department be proposing amendments to 38 USC 41 which repeatedly references "public employment offices" as the operating base for LVERs, DVOPs, and State and Assistant State Directors for Veterans' Employment and Training? Further, considering the potential for the great multiplicity of ES service delivery configurations that could evolve under your proposed design, will we need additional SDVETS and ASDVETS to monitor the provision of veterans' services?

Answer: The strength of the current "national system of public employment offices" emanates from the States and not the Federal Department of Labor. The system is designed and operated by each individual State. The nature of ES staff, local offices, and services provided are determined at the State level. Our proposal would increase this State flexibility and thereby strengthen the effectiveness, responsiveness and efficiency of the public employment service.

While strengthening the State role, our proposal contains safeguards against abolishing the employment service by a State. The requirement to provide public employment services is tied to the Federal Unemployment Tax Act (FUTA) conformity requirement. States must meet this requirement or lose the offset tax credit for their employers. Services to veterans under 38 USC 41 are among those tied to the FUTA. The States will have to conform to regulations issued by the Secretary of Labor through the Office of the Assistant Secretary for Veterans' Employment and Training.

We do not envision further amendments to 38 USC 41 and expect that the role and functions of LVERs, DVOPs, SDVETS, and ASDVETS will remain the same. The monitoring functions of SDVETS and ASDVETS would continue to be carried out as they are now.

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JUN 22 1987

The Honorable Wayne Dowdy
Chairman, Subcommittee on Education,
Training and Employment
Committee on Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed please find my responses to the questions sent in your letter of May 21 in followup to my testimony before the Subcommittee on May 13. Please note that my staff is reviewing the proposal developed by the Vietnam Veterans Leadership Program (item number 8 in your May 21 letter). Our assessment of the proposal will be transmitted to you separately in the near future.

I wish to express my appreciation for the opportunity to appear before the Subcommittee to discuss veterans' employment and training programs.

Sincerely,

ROBERTS T. JONES
Deputy Assistant Secretary of Labor

Enclosure

...gement System U.S. Department of Labor

Sec. Goal: #1
Support Goal Lead Agency: VETS

Supporting Goal: Improve (a) outreach/placement services for veterans and (b) employers' knowledge of sources for recruiting veterans.

Status Report as of April 17, 1987
(date)

Milestones	Completed	On Track	Problems
1. Pre-separation briefings/ training	Yes		No
2. Catalog of successful veterans training programs	Yes		No
3. JSEC incentives to penetrate private sector	Yes		No
4. PI/Liaison to encourage private sector participation	Yes		No
5. Pursue better demographics and target special groups		Yes	No

Status Report Summary (Keyed to above): 1) Materials incorporated into Army Transition Management Program; 2) Initial catalog issued. Additional information on successful programs will be issued February 1988; 5) Women statistics to be gathered in BLS study to be conducted in November 1987.

Secretarial Agenda

Veterans' Employment and Training Service
(DOL Agency)

DONALD E. SHASTEEN
Agency Head Signature

(Date)

DL 1-20
Feb. 198

s Management System
Report

U.S. Department of Labor

Sec. Goal: #2
Support Goal Lead Agency: VETS

Supporting Goal: Establish linkages between JTPA and other Federal programs at the Federal, State and local levels.

Status Report as of April 17, 1987
(date)

Milestones	Completed	On Track	Problems
1. Use of under-utilized DOD training facilities		Yes	No
2. Joint Funding		Yes	No
3. Project Assessment		Yes	No
4.			
5.			
6.			

Status Report Summary (Keyed to above): 1) Grant modification approved end of February. All goals and objectives are being met. 2) Exploring replication of project.

Secretarial Agenda

Veterans' Employment and Training Service
(DOL Agency)

DONALD E. SHASTEEN
Agency Head Signature

(Date)

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment and Training
Washington, D.C. 20210

November 20, 1985

MEMORANDUM FOR: DENNIS WHITFIELD

FROM: DONALD E. SHASTEEN

SUBJECT: Your Memo of November 6 - Implementation of Secretary Brock's Management System

Attached are the goals and objectives for the Veterans' Employment and Training office. We are, of course, continuing the detailed development of the milestones to determine feasible dates for accomplishment.

Attachments

DOL AGENCY SUPPORTING GOALS

AGENCY: OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING

SECRETARY'S GOAL: INCREASE ABILITY OF AMERICANS TO COMPETE SUCCESSFULLY IN DOMESTIC AND WORLD MARKETS THROUGH -- EDUCATION, TRAINING AND RETRAINING

AGENCY GOAL: TO MORE EFFECTIVELY TARGET DEPARTMENTAL AND INTER-DEPARTMENTAL RESOURCES TO MEET THE NEEDS OF VETERANS, PARTICULARLY DISABLED, VIETNAM ERA, RECENTLY SEPARATED, FEMALE AND OLDER VETERANS.

RATIONALE: National labor force data suggest that veterans generally are leaders in labor force participation and in earnings, which indicate they are highly productive workers, managers and entrepreneurs. However, significant pockets of unemployment and underemployment exist, in certain geographic areas and within the referenced target groups. Targeting educational and training resources upon those areas and groups is highly likely to result in productivity gains.

MILESTONES

1a. Develop with the Department of Defense a plan for providing training in under-utilized military training facilities in occupations with high comparability to those in the civilian market.

1b. Coordinate planning with the Employment and Training Administration to ensure availability of Job Training Partnership Act funds under Title IV for joint DOL-DOD demonstration projects.

2. Prepare and publish a catalog of veterans' training programs which have successfully met specifically identified needs, and disseminate to appropriate State and local governmental units and the private sector, particularly to smaller businesses through the DOL Office of Small and Disadvantaged Business Utilization, and the Small Business Administration.

4. The agency will develop with the Office of Information and Public Affairs a Public Information Local Outreach Training (PILOT) plan to improve the quality and delivery of public information products, and approaches of the agency field staff.

5. The scope of the functions of the Secretary's Committee on Veterans' Employment will be expanded by establishing working relationships with existing private sector organizations, to develop a plan for high level publicity of successful public-private sector employment and training activities for veterans and reservists.

6. The agency will implement a cost-effective ADP system in cooperation with DIRM to increase efficiency in management information systems.

DOL Homeless Veterans' Job Placement Project: Interim Report

Introduction

One objective of this phase of the project was to assess current practices in the delivery of entitlements and services to homeless veterans in two cities, Denver and Boston, especially with reference to the goal of finding jobs for those who could be re-integrated into the labor market. A second objective was to explore the ways in which the DOL, VA and SSA could cooperate in Washington and in ten targeted cities to improve achievement of efforts to rehabilitate, re-train and find jobs for homeless veterans. A third objective was to explore cooperative roles in ths endeavor with veterans organizations. The end product of this phase is to lay the basis for the Washington/10-city program, and to outline a program. The procedure was as follows:

A. Appropriate officials of Veterans Administration and Social Security Administration programs relevant to the delivery of entitlements and services to homeless veterans were approached. Cooperative arrangements between DOL/SSA and VA to achieve these goals were explored.

B. Four national veterans organizations were canvassed to elicit their comments about the project and to explore their willingness to participate in the project in Washington and in the 10 cities.

C. Public officials with relevant programs were interviewed in Denver and Boston to evaluate the delivery of entitlements and services pertinent to preparing homeless veterans for jobs. In addition, a smattering of homeless shelter operators and care-providers in each city were approached for feedback about means of making job-oriented homeless veterans programs more effective.

Conclusion to the Introduction. Five salient points emerged from these discussions:

(1) That there is overwhelming merit to keeping the target focused (a) on veterans and (b) on the single ultimate objective of placing them in jobs.

(2) That in a high proportion of cases, homeless veterans need to have physical and mental health problems or alcohol problems addressed before they become employable.

(3) That the effectiveness of the project will ultimately hinge on a successful local partnership of private sector care-providers, employers and organizations such as veterans organizations on one hand, and managers of publicly provided entitlements and services on the other.

(4) That State employment and State counseling services must be fully integrated into the local project.

It should be noted that all persons and groups approached expressed approval of this project and indicated a willingness to cooperate to make it a success.

I. The Social Security Administration (DHHS).

A. Programs. The most significant entitlement program under SSA relevant to the homeless veteran population is the Supplemental Security Income (SSI) entitlement program. Not only does this provide income support in some cases to the disabled for a transition period to employment status, but it triggers eligibility for Medicaid support where rehabilitation for medical, mental health or addiction problems needs addressing. Medicaid is administered by the Health Care Financing Administration (HCFA), also in DHHS.

B. Cooperation. Operating managers of inter-governmental affairs, Supplemental Security Income (SSI), SSA outreach and Medicaid (HCFA) programs were consulted (See Appendix I) and the following conclusions are drawn.

1) The policy of reaching out to accomodate the special needs of homeless people is firmly established in SSA and is compatible to the DOL project.

2) Specifically, SSA has very active programs in its district offices to reach out to the homeless population and every endeavor is being made to adjust the system to accommodate better response to this population (e.g. utilizing district offices as home addresses).

3) The SSA will participate in a DOL-sponsored Washington Working Group to address mutually supportive programs, responsibilities and cooperative efforts to better deliver services and entitlements to homeless veterans in the ten city program.

4) The SSA will designate a principal agent in each of these cities to a DOL/SSA/VA homeless veterans local working group for cooperative linkages to better serve the homeless veteran on his way to employability and a job.

5) Finally, HCFA also volunteered to cooperate as appropriate.

II. The Veterans Administration.

A. Programs. The VA has several substantial programs relevant to counseling and rehabilitation needs of the homeless veteran.

1. In-patient and Out-patient mental health and addictions - rehabilitation programs associated with VA medical centers, including in-patient services for non-service-connected disabilities, on a space-available basis. These programs often include contracts with recovery homes and half-way houses.

2. Vietnam Veterans Readjustment Counseling Centers are located in 189 sites across the country. These centers provide clinical counseling programs for Vietnam veterans for problems associated with military service and transition to civilian life. They offer psycho-social counseling, alcoholism counseling), and "soft" counseling services related to education, family and employment.

3. Other applicable veterans benefits include provision of social worker counseling, educational benefits and job training. The Social Services Division, which has a counseling service program, is currently refining a case-management procedure and is proposing a special training program for serving with the homeless.

B. Cooperation. Key managers were interviewed in each of these programs to discuss the DOL proposal, and to explore areas of cooperation (See Appendix II):

(1) They expressed willingness to explore practical means to improve access to their programs by homeless people.

(2) There was support for participation by the VA in a Washington DOL-sponsored interagency working groups to address finding jobs for homeless veterans.

(3) Nomination of local VA respresentatives to collaborate with the DOL ten city federal homeless veterans job program was deemed appropriate and feasible.

(4) Some Vietnam Veterans Readjustment Counseling Center directors have formed a National Homeless Veterans Task Force to foster ways to improve the services of the Centers to homeless veterans. DOL has been invited to address this group. The Director of

the Task Force is particularly sensitive to the need for a more effective outreach to bring homeless veterans into the Centers.

(5) Authorization, but not appropriations, have been obtained for ten "super" Vietnam veteran service centers to house multiple counseling services on a large scale. These would appear to be particularly suitable for broadening services to homeless veterans. One of the early openings is scheduled for New Orleans.

(6) VA Medical Center alcoholism and mental health programs have developed outreach capabilities in recent years.

III. The Vietnam Veterans Leadership Program (VVLP).

The VVLP is a nationwide organization whose focus is to provide job opportunities for Vietnam veterans by assistance from successful Vietnam veteran businessmen. There is a good potential for opening up this avenue of job-training and employment to homeless veterans. The coordinator of VVLP federal support is in DHHS, and has indicated interest in cooperating with the DOL project. He might be a candidate for the DOL Washington Interagency Working Group. (See Appendix V).

IV. National Veterans Organizations.

Four national veterans organizations responded to requests for comments and for cooperation with the DOL proposed ten cities project. These responses were made from senior headquarters officers in Washington, D.C. The organizations are: The American Legion, AMVETS, VFW and VVA. (See Appendix III).

Every official approved of the concept and of the approach and promised headquarter's participation and cooperation in the Washington policy and development activities. Two invited the author to address the VA Advisory Committee on Readjustment of Vietnam Veterans. Two appointed a contact person to work with DOL as the project develops.

Each organization offered to promote participation of its local chapters and service officers with the DOL project in the 10 cities. The precise nature of proposed local participation awaits specific recommendations and supportive materials from DOL. Several mentioned that a number of local affiliates already had ties with homeless projects.

V. Denver, Colorado: Efforts by the Colorado Veterans Partnership Program (CVVP) to extend job-help for homeless veterans.

The CVVP is an integrated network of State agencies and veterans organizations, with participation by the DOL State Director for Veterans' Employment and Training Services (SDVETS), designed to better deliver services, and especially employment services to veterans in the State. Under the executive direction of a full-time coordinator, it has had considerable sucess in placing veterans in jobs since mid-1986. Its success with a recent commitment to better serve homeless veterans has been less effective.

The author met with the Board of CVVP and members of the American G.I. Forum, a contractual outreach program at the Denver Employment and Training Administration and the United Way (See Appendix IV). The author also visited elements of the Denver facilities of the CVVP and a Salvation Army rehabilitation shelter (SEE Appendix IV). The purpose of these consultations was to evaluate ways in which the system could be adapted to better attain the objective of placing homeless veterans in jobs in Denver.

These discussions served to underline the following requirements for an effective federal/State/local/private sector program to place homeless veterans in jobs:

A. It is absolutely essential to integrate the State Employment Services and other State veterans counseling services in the DOL city programs. This coordination has been essential to the success of CVVP.

B. Since two-thirds of homeless veterans may have to address mental health or alcohol problems before becoming employable, coordination of employment efforts with SSA and VA resources is essential for financial and rehabilitation purposes. (Cross-fertilization of ideas by State rehabilitation and SSA representatives was found useful even within the context of our limited meetings. e.g.).

C. State CVVP information workshops were important to CVVP success. It is essential that information and/or training workshops be developed for homeless shelters and care providers to learn of Federal/State entitlement and services, and conversely for Federal/State resource managers to be made aware of the special characteristics of homeless veterans. (Our limited discussion with a Denver Salvation Army facility corroborated this observation).

D. One need in the Denver homeless program is lack of enough outreach people to work the shelters and the streets to bring more homeless veterans into new rehabilitation and employment network. DVOP participation has been crucial, but not extensive enough in this regard.

E. Another need is to expand employer participation and understanding. In this regard, more aggressive veterans organization participation would be useful and a VVLP linkage helpful.

F. The LVER in the Denver-Downtown office of the Colorado Department of Labor and Employment provided a focal point for tracking (case-study) homeless veterans in the services system. This is clearly an activity which needs more attention if homeless clients are not to get lost at various points in the service system before employment goals are attained. One suggestion was that some tracking be done by outreach personnel who gain the confidence of the client in the first instance.

G. It is important to obtain the support of federal agency regional directors; active support is not always forthcoming. It is equally important to have local political acceptance. This may be a dimension somewhat neglected by administrators insulated from political activity, but which may be addressed by veterans organizations.

H. Participation by veterans organizations in CVPP, have been essential to its success. Veterans organizations have also been active on their own. They undoubtedly would have a key role to any local effort. (Sentiment for a homeless veterans' multi-service center, earlier supported by a local veterans chapter, is still active. No multi-service homeless shelter of any large size exists in Denver).

I. DOL may also want to encourage II-A fund recipients to focus more attention on veterans needs. These managers may tend to assume that veterans' needs are adequately met elsewhere.

J. CVPP maintains a comprehensive essential community resources manual.

VI. Boston, Massachusetts. A brief assessment of delivery of Federal entitlements and services to homeless veterans was made on a one-day on-site survey by the author, accompained by Mr. John Tiesso of Assistant Secretary Shasteen's office. Two groups were included in the survey: (1) local shelter and service providers and (2) Federal officials from DOL, VA and SSA. The purpose was to examine strengths and weaknesses in the linkages between the two groups with a view to structuring an effective job-oriented project for the ten DOL-targeted cities.

A. Local Shelter and Service Providers. Conferences were held with (1) a large overnight shelter, Pine Street Inc., (2) a large downtown day center, St. Francis House and (3) a psycho-social recovery club, The Center House, Inc. (See Appendix VI).

(1) Pine Street, Inc. is a long-established, well-run overnight shelter for the homeless, taking up to 600 men and ninety women per night. The building is provided by the State which also provides support for a small professional staff. Fifty percent of its operating costs are met by private donations. There is a large component of volunteer services. Sixty percent of its clients are repeaters; thirty to forty percent are veterans, of which eighty to ninety percent have alcohol problems and fifty percent have mental health problems.

Some observations:

(a) Pine Street House is a good example of combined support from State and private financial sources and contributions of volunteer time. It has excellent networking with the State mental health community and with detoxification centers.

(b) Although a need for a stronger case-management capability was expressed, the facility opined that a less structured and informal network of case-tracking would be useful and that it would participate in such a system.

(c) Respondents expressed the need for more outreach personnel and for strengthened linkages with the entitlements and service network.

(d) Cross-workshops between case-providers and State and Federal entitlement and service offices were deemed to be useful innovations.

(2) St. Francis House. In operation for a little over a year, the St. Francis House, located in downtown Boston, is a daytime center for the homeless, who come in directly from the streets or from a number of overnight shelters. Its veteran population doesn't exceed 20 percent.

Housed in a large building with a number of conference rooms it is ideal for the homeless to interface with the whole range of public service providers: alcoholism, mental health, employment, family counseling and legal counseling services. It maintains a comprehensive community resource manual.

Several needs were expressed by its director:

(a) It could utilize and supervise 3 badly needed street outreach people.

(b) Due to the inherent suspicions of street-people, an informal case-tracking system might work better than a formal case-management system.

(c) A resident-physician arrangement would be useful.

(3) The Center House, Inc. is a client-directed psycho-social rehabilitation club whose members are former hospital mental patients in a self-help effort to become socially integrated and self-supporting. The center is partly supported by the State and is partly supported by third-party or membership resources. There are a growing number of such clubs around the country, providing an affordable network of supportive environments for former patients of mental hospitals (many "de-institutionalized").

While it is a potential component of homeless veterans who are former mental hospital patients, homeless persons are only about 10-15% of Center House members and it would be "jarred" by a sudden influx of more homeless people.

(4) In summary, shelters, day centers and smaller care-providing institutions are vital to a homeless care network. They can, however, be made more effective by:

(a) More outreach personnel;

(b) Better linkages with public counseling and entitlement programs; and

(c) A case-tracking system through rehabilitation to job placements.

B. Management components of DOL/VA/SSA Federal entitlements and services to homeless veterans in Boston.

The author and Mr. Tieso met with members of DOL/VA/ and SSA who supervised or managed federal entitlement and service programs relevant to needs of homeless veterans. (See Appendix VII).

Top management was represented by the Regional Directors in Boston for the Veterans Administration and for the DOL Veterans' Employment and Training Service. (The closest counterpart to top management for the SSA was the Regional Office Public Affairs Officer, apparently invited to the meeting without prior briefing). In addition, the working managers attended: the State Director, VETS (DOL); the Supervisor of Veterans' Service Coordination for the VA; the Supervisor, SSA programs for the Boston District; and the Case Agent, SSA, Boston District.

The discussions were structured to elicit comments about proposed elements of the DOL Homeless Veterans' Job Placement Project. A secondary, though much less manageable goal, due to time constraints, was to evaluate the thrust of current Boston federal efforts relating to homeless veterans and jobs. No representative of the State Employment Service was present. Within these constraints the following observations are made.

(1) The VA and DOL/VETS Regional Directors have been strongly supportive of effective delivery of their services to homeless people to date and promised equally strong support of the goals and approaches of the DOL proposed Homeless Veterans' Job Placement Project.

(2) The program managers present reflected this commitment and a willingness to cooperate with each other within the framework of a local DOL, working group in jobs for homeless veterans.

(3) The SSA representatives reflected the SSA commitment to outreach to homeless people and saw no barriers to cooperation within the projected DOL local working group arrangement.

(4) All endorsed the preceived needs for better outreach, workshop training, cooperative networking and case-tracking envisaged in the DOL project.

(5) The author believes that the project goals and particular project recommendations would be met by a closer, formalized working relationship through a local SSA/DOL/VA working group under the leadership of the State Director, VETS.

The next part of this interim report is an outline of the recommended DOL Homeless Veterans' Job Placement Project.

APPENDIX I

Conferees: Social Security Administration

Mr. Ken McGill, Office of Governmental Affairs

Mr. Joe Markovic, Field Liaison and Support Staff

Ms. Santa Ragel, Office of Information, OGA

Mr. Dave Bedingfield, Office of Supplemental Security Income

Mr. Tom Rush, Office of Disability

Ms. Diana L. Earhart, Office of Supplemental Security Income

(Dr. Aris T. Allen, Health Care Finance Administration (HCFA))

APPENDIX II

Conferees: Veterans Administration

Dr. Art Blank, Director, Vietnam Veterans Readjustment Counseling Centers.

Mr. John Vogel, Director, Department of Veterans Benefits (DVB).
Mr. Dennis Wyant, Director, Vocational Rehabilitation (DVB).
Mr. Dave Bringham, Exec. Asst. (DVB)
Mr. Chuck Lee, Public Relations (DVB)

Mr. John Fulton, Director, Social Work Service, Department of Medicine and Surgery (DMS)
Mr. Don Moses, Chief for Mental Health and Behavioral Sciences, Social Work Service, DMS.

Dr. Stewart Baker, Director, Alcohol and Drug Programs; Department of Medicine and Surgery

Dr. Craig Burnette, Director, Region III, Vietnam Veterans Readjustment Centers, and Chairman, VVRC Homeless Veterans Task Force.

APPENDIX III

Conferees: National Veterans Organizations

Mr. James G. Bourie, National Service Director, AMVETS

Mr. Robert Lyngh, Director, National Veterans Affairs and Rehabilitation Commission, American Legion

Mr. Dennis Rhoades, Director for Economics, American Legion

Mr. Federico Juarbe, Director, National Veterans Service, VFW

Mr. Robert L. Jones, Special Assistant for Employment, VFW

Mr. Rick Weidman, Director of Government Relations, Vietnam Veterans of America

APPENDIX IV

Conferees: Denver, Colorado

Mr. Daniel Webster, Director, Colorado Veterans Partnership Program (CVPP)
Mr. Otho Lister, CVPP

Mr. William Belz, State Director for Colorado, DOL/VETS
Mr. Mark McGinty, Asst. State Director, DOL/VETS

Director, Downtown Office, Colorado Department of Labor and Employment

Mr. Scot M. Simons, Manager South/East Job Oppertunities Center, Denver; Colorado Department of Labor and Employment

Mr. Bob Scufca, Local Veterans Employment Representative, Denver-Downtown; Colorado Department of Labor and Employment

Mr. Dick Ceresko, Program Director, Veterans Services, Denver; Colorado Division of Veterans Affairs.

Mr. Joe Garcia, Temporary Jobs Center, Denver; Colorado Division of Employment and Training.

Mr. William L. Jenkins, Programs Director, Colorado DAV

Ms. Mary Lou Amorosa , Public Affairs Specialist, SSA.

Ms. Verna Mica, SSI Specialist, SSA.

Ms. Faith Gross, Division of Rehabilitation, State of Colorado.

Capt. George A. White, Director, Downtown Service Centers, Salvation Army

Mr. Ray Chappell, Denver Safe Harbor Center, Salvation Army

Mr. Lyle Durbin, Chief, Med. Admin. Svc., VA Med. Ctn. - Denver

Ms. Jane-Going Speaks, Asst. to Dir., VA Med. Ctn. - Denver

Mr. John McCartney, Service Officer, American Legion

Mr. George Smith, DVOP, S.E. Job Service

Mr. Otho Lister, State Coord., Colo. Dept. of Lab. & Empl.

Mr. Mike Pritchard, DVOP State Coord., Colo. Dept. of Lab. & Empl.

Mr. Jim Farrell, TH-IV-C Prgm. Dir., Amer. GI Forum Vet's Outreach Program

Mr. John Wiedman, State Adjutant, DAV

Mr. Jerry Walker, DVOP, Denver Job Service Center

Ms. Patricia Diehl, Office Mgr., VA Outreach Center

APPENDIX V

Conferees: DHHS

Mr. James Hearn, DHHS Coordinator with the Vietnam Veterans Leadership Program (VVLP)

Ms. Janet Fox, Operations, Federal Task Force on the Homeless.

APPENDIX VI

Conferees: Boston, Massachusetts

Mr. Robert Moakley, Regional Director, DOL/VETS

Mr. Richard Brenan, State Director, DOL/VETS

Mr. John McNiff, Regional Director, Veterans Administration

Ms. Corlene Brady, Public Affairs Offices, SSA Regional Office

Mr. Bernie Point. Boston District, SSA Case Agent

Ms. Adele Singer, Boston District, SSA Programs

Mr. Robert Grenahan, Supervisor, Veterans Service Coordination, Veterans Administration

Mississippi Employment Security Commission

Thomas H. Dyson, Executive Director

JUN 18 1987

Commissioners
Gene A. Wilkinson, Chairman
Hugh Gibson
Carroll Hood

June 15, 1987

Congressman Wayne Dowdy
U.S. House of Representatives
214 Cannon House Office
Building
Washington, D.C. 20515

Dear Congressman Dowdy:

Enclosed are comments on the testimony of Mr. Roberts T. Jones, Deputy Assistant Secretary of Labor for Employment and Training, before the Subcommittee on Education, Training and Employment.

I appreciate the opportunity to review and comment on Mr. Jones' testimony.

Sincerely,

Thomas H. Dyson
Executive Director

THD/sy

Enclosure

1520 West Capitol Street P.O. Box 1699 Jackson, MS 39215-1699 (601) 961-7400

Comments
on
The Testimony of Mr. Roberts T. Jones
Deputy Assistant Secretary of Labor
for Employment and Training

before the

Subcommittee on Education, Training and Employment
Committee on Veterans' Affairs
U. S. House of Representatives

Mr. Jones' entire testimony is based on the premise that the proposal to refocus the Employment Service is based on responses in the public hearings, as well as research, studies, and data. This has been the premise of the administration since the proposal was introduced. We have secured copies of the transcripts of all the public hearings. In reviewing these transcripts, we do not find testimony from employers and veterans organizations on which such a proposal could be based. The majority of the testimony from these two groups was to the effect that they use the Employment Service, and do not see a need to change it, except for some minor improvements. Most do favor adequate funding in order for the Employment Service to carry out its present mission. It is apparent that the administration does not want to listen to the users of the system, but instead base their proposal on what NABS, private employment agencies, and other entities have to say.

We fail to see how, as Mr. Jones claims, their proposed amendments to the Wagner-Peyser Act will increase the total number of applicants and employers who are served by the system. As far as providing greater flexibility in responding to the rapidly changing needs of the labor market, the Employment Service has always responded well to changes in the labor market. The statement that their proposal emphasizes services that will help workers respond quickly, allows flexibility in providing a diversity of services doesn't change anything that the Employment Service is currently doing. We have always provided assessment, vocational counseling, labor market information and testing. We have attempted to place those applicants who are job ready, and referred others to JTPA for training, to education programs, or to other social service agencies as their needs indicated. What does their proposal change? The only reason our services have been curtailed in recent years is due to reductions in funding which caused reductions in staff and service points. The Employment Service system needs adequate funding, not refocusing.

We do not agree with the statement that the administration's proposal would increase the involvement of the private sector at the state and local level with respect to design and delivery of the program. In Mississippi, we feel that we are already meeting the intent of the administration's proposal to involve the private sector. Our Agency is presently under the direction of three Commissioners - one from each of the State's Supreme Court Districts. The Commission appoints an Advisory Council made up of an equal number of employers and employee representatives and members of the general public. The Agency has also established a system of local Job Service Employer Committees. The Chairmen of the local committees make up the State Job Service Employer Committee. We feel this system is more effective than the changes in the Private Industry Council responsibilities as outlined in the Administration's proposal.

The Job Training Partnership Act criteria are such that targeting of services is required. It limits services to disadvantaged, dislocated, and older workers. The public employment service needs to serve anyone desiring or needing a job. Under the Private Industry Councils, the Employment Service could be required to target service toward the Job Training Partnership Act eligibles because of Job Training Partnership Act's need to meet performance levels. Employers will not list openings with the Employment Service unless we can refer applicants to meet all of the employer's needs. This was proven in the late 1960's when the Human Resource Development initiative was mandated by the Federal government. Many employers stopped using the Employment

Service, and have not allowed the Employment Service to refer to them since. Placing the Employment Service system under the Private Industry Council might work if the Council operated as ideally described in the JTPA law. However, our experience is that many times the Council merely approves what their Service Delivery Area staff recommend. Regular attendance at Council meetings is from the public sector with little regular involvement from the private sector. We have much better response and input from our Job Service Employer Committees. The State Employment Services are responding negatively, as Mr. Jones states, to being placed under the Private Industry Council because we know how they actually operate.

Under the proposed changes in the financing of the system, Mr. Jones states that in addition to the employer taxes, states could increase support for public employment services with other resources. This is not likely to happen when most states, including Mississippi, are stretching resources to the limit now. He emphasizes that under their proposal, states would be required by law to provide public employment services such that workers and employers throughout the state would have access to such services. Their proposal ties this requirement to the Federal Unemployment Tax Act conformity requirement and thus places responsibility on the states to meet this requirement at the risk of losing the offset tax credit for their employers. Without state resources available, states would be left with several options. Under one option they could take current employer tax resources and spread staff and service points thinly over the state to meet the requirements of the law. This would lead to less service to fewer employers and applicants. A second option would be to increase employer taxes to a level that would support a viable statewide system. There is a limit to the amount of taxes employers can afford. The third option which is totally unacceptable would be to not attempt to comply with law, allowing employers to lose their offset tax credit. Statistics are quoted in the testimony as to the percentage of the general applicant population and veterans who received certain services. Mr. Jones states that he finds these figures totally unacceptable, and that the primary reason the administration's proposal should be adopted is that it will greatly improve services, both for veterans and the general applicant population. Throughout his testimony he alludes to the fact that their proposal will increase or improve services. It would be interesting to have Mr. Jones or the administration explain exactly how adopting their proposal would increase or improve services.

The administration continues to refer to the low penetration rate of the Employment Service. In other words, if on a nationwide basis we are only placing a small percentage of the persons being hired, then no one is using us. However, since funding reductions began some six years ago, the national reporting system was discontinued. There is no reliable reporting system in place on the activities of the Employment Service which makes the figures being used by the administration questionable.

Even though the funding methodology in the legislation would provide Mississippi a slight increase in funds over the present funding method, it would be more than offset by increased costs. The loss of penalty mail (Federal-funded indicia) privileges would require the state to absorb the cost which is quite substantial. While the Federal government currently pays 100% of the administrative costs for Extended Benefits, this proposal would require Mississippi to assume 50% of the costs. During high Unemployment Insurance workloads, the state presently receives additional administrative funds known as contingency funding. This would be eliminated, and Mississippi would pay the extra costs out of available funds. Federal assistance in purchasing computers and other high cost items would be lost. Normal inflationary trends will cause increases in personal services, personnel benefits, and nonpersonal services.

If, as proposed, the Employment Service is placed under the control of the State Training and Employment Council and the Private Industry Council under the Job Training Partnership Act, administrative costs would certainly increase. Under the Job Training Partnership Act, administrative funds would be needed by the State Training and Employment Council at the state level to monitor and evaluate the Employment Service. In addition, each Private Industry Council would need administrative funds to review, evaluate, and provide policy guidance on Employment Service activities within their Service Delivery Area. At present, funds received by Mississippi for the operation of the Employment Service are used for State Office, and local office operations. Expenses for the State Office to provide administration, technical assistance, and evaluation for the local offices are held to a minimum. The majority of the funds are used for office facilities and staff to provide statewide services to applicants and employers. Under the administration's proposal, total funds for Employment Service operations could be reduced by as much as 30% with the end result being less services for applicants and employers. Funds for Employment Service operations have already been reduced by 44.6% in the last six years.

Currently, Employment Service and Unemployment Insurance operations are funded by Federal Unemployment Tax Act taxes, which are designated for that purpose only. Turning these operations back to the states would not generate any real national savings or deficit reduction. We certainly do not see how it would increase or improve services.

Mr. Jones states that it is not their proposal to merge the Employment Service system with the JTPA system. However, in effect they are merging to some extent, if both systems are under the control of the Private Industry Council and the State Job Training Coordinating Council. He says that it is inappropriate to suggest that their proposal is to localize the Employment Service in 600 areas - they would not propose such a thing. If the Employment Service is placed under the Job Training Partnership Act, the Private Industry Council in each Service Delivery Area would control local Employment Service offices.

(4)

Mississippi currently has three (3) Service Delivery Areas with others likely to be designated in the future. With the Private Industry Council controlling local Employment Service office operations, staff, and services provided, it would be difficult to have a continuity among services statewide. Currently, there are no reciprocal agreements between Service Delivery Areas allowing for services to applicants and employers across Service Delivery Area boundaries. This is not likely to change, and would become even more of a problem if the number of Service Delivery Areas increased.

We resent Mr. Jones' remark that our local Employment Service Office staff are simply letting the "flow of the work force come through the office, whatever the numbers are, serve what you can, and go home at 5:00 o'clock." The vast majority of local office staff care about the people who come to our offices. The fact that due to budget reductions in the past few years, we cannot serve all of them or as many as we served in the past, causes great concern for these staff people. Our staff are professional people. They need support from Department of Labor officials, not a put down.

Mr. Jones testified that even if the financing is not changed, there is still a need to refocus the Employment Service. He stated that any failure of the Employment Service system to provide services cannot be attributed to budget cuts. This is absolutely not true. The mission of the Employment Service has never changed. We have always provided counseling, testing, and labor market information services along with referrals to training and job referral services. We have attempted to serve as many applicants and employers as possible, and have never denied service to anyone. However, with a 44.6% reduction in funds in the last six years, we have been forced to reduce some types of services in order to continue a statewide Employment Service System. In addition, the Employment Service has been designated by law to certify applicants for the Targeted Jobs Tax Credit program without additional funds and the recently enacted Immigration Reform Act has serious staff implications without additional resources. Even the Veterans Job Training Act (VAOJT) does not provide additional resources for ES staff to provide additional services that this program requires to sufficiently provide services to screen veterans and develop contracts with employers for Veterans OJT programs.

Mr. Jones states that "if our proposal isn't quite the way to do it, if people want to make suggestions and changes, we're going to continue to be open to that." We would refer him to the old adage "If its not broke, then don't fix it." The Employment Service system is not broke and it doesn't need fixing. It may need some improvements. State agencies have suggested, through roundtable discussions, the public hearings, and other avenues, ways to improve the Employment Service. It appears that these suggestions have fallen on deaf ears. Our suggestion is not to refocus the Employment Service - we know our mission. We suggest that Employment Service funding be restored to its 1980 level, and that previous suggestions for improvements be implemented.

Let us increase our staff and service points back to that level. We will increase services, and we will serve more applicants, employers, and veterans.

It should be noted that it has come to our attention that if the administration's proposal fails to pass, attempts will be made to bring about many of the changes in the proposal through the regulation process.

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